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GOVERNMENT AND ADMINISTRATION

By-elections

The Conservative Party retained the seat at Saffron Walden and the Labour Party retained the seat at Ladywood, Birmingham, in parliamentary by-elections on 8 July and 18 August respectively.

At Saffron Walden, where the by-election had been caused by the death of the former Conservative MP for the constituency, Mr Peter Kirk, the Conservative candidate, Mr Alan Haselhurst, won by a majority of 12,437. At Ladywood the Labour candidate, Mr John Sever, won by a majority of 3,825. The by-election there had been caused by the resignation of the former Labour MP for the constituency, Mr Brian Walden.

The detailed results were as follows:

Saffron Walden

A. Haselhurst (Conservative)	22,692
A. Phillips (Liberal)	10,255
B. Stoneham (Labour)	5,948
O. Smedley (Anti-Common Market)	1,818

Some 64·7 per cent of the electorate voted.

Ladywood

J. Sever (Labour)	8,227
Q. Davies (Conservative)	4,402
A. Reed-Herbert (National Front)	888
K. G. Hardeman (Liberal)	765
R. Ahsan (Socialist Unity)	534

Five other candidates each received less than 500 votes. Some 42·6 per cent of the electorate voted.

As a result of the by-elections and the dissolution of the United Ulster Unionist Coalition (see p 213), the state of the parties in the House of Commons is now as follows:

Labour	310
Conservative	279
Liberal	13
Scottish National	11
Official Unionist (Northern Ireland)	6
Plaid Cymru (Welsh Nationalist)	3
Independent Unionist (Northern Ireland)	2
Scottish Labour	2
Democratic Unionist (Northern Ireland)	1
Independent (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	1
Vanguard Unionist (Northern Ireland)	1
Vacancies	1
TOTAL	631

The vacancy arises from the resignation from the House of Commons of the Conservative MP for Bournemouth East, Mr John Cordle, in July.

In addition, there are the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means). They do not vote except in their official capacities in the event of a tie.

Liberal Support for the Government

The Parliamentary Liberal Party has decided to continue its support for the Government, in renewal of the agreement announced on 23 March (see p 143). The agreement had been due to last in the first instance until the conclusion of the present session of Parliament.

In a letter of 27 July to the Prime Minister, Mr James Callaghan, Mr David Steel, the leader of the Liberal Party, said that co-operation with the Government 'in the pursuit of economic recovery' would be continued 'into the next session of Parliament for so long as the objectives set out in the Chancellor's statement of 15 July [see p 304] are sustained by the Government'. The letter also stated the Liberals' understanding of the Government's position on a number of specific issues, including measures to combat inflation and unemployment, the reintroduction of the European Assembly Elections Bill and the introduction of new legislation on devolution to Scotland and Wales. In addition the letter stated the Liberals' understanding that 'the Government will continue its consultations with the Liberal Party, already begun, with a view to determining the priorities in the Queen's Speech'.

In a letter of reply, Mr Callaghan confirmed the Government's position on the issues and proposals referred to by Mr Steel.

Official Information

The Government has agreed to make available as far as possible the facts and figures used as the background to major policy studies.

The decision was announced by the Prime Minister, Mr James Callaghan, in the House of Commons in November last year (see p 461, 1976), and on 4 August, on his authority, instructions were issued to set the process under way. Departments have been advised that as much as possible of the factual and analytical material used as policy background should be published. The working assumption will be that, once ministers have reached their conclusions on a particular study, the associated background material will normally be published. This material will consist mainly of deliberate presentations in the later stages of the discussion and development of new policy. Most of it will be released on the initiative of the department, usually through Her Majesty's Stationery Office (HMSO). Material of less importance, or of interest to a limited audience, may be published by other means, for instance, by being made available to newspapers, magazines and journals for publication in the usual way. Departments will also be ready to respond positively and sympathetically to specific requests in the same way that a good deal of otherwise unpublished material is already made available to *bona fide* researchers. The overall effect should be an increase in the already considerable amount of material put out by departments but at a minimum cost to public funds.

Northern Ireland

Recent developments concerning Northern Ireland summarised below include a visit by the Queen, during which she affirmed her hope for a stable future for the Province; a statement by President Carter in which he appealed to Americans to refrain from supporting terrorist activities there and offered encouragement for investment once a peace settlement was reached; a speech by the Secretary of State for Northern Ireland in which he outlined substantial measures to aid the economy and announced the establishment of a new Economic Council; figures indicating recent progress by the security forces against terrorist activity; the publication of a White Paper on the reform of the court system; and new legislation on compensation for damage to persons and to property and on legal aid, advice and assistance.

THE QUEEN'S VISIT

The Queen, accompanied by the Duke of Edinburgh, paid a jubilee visit to Northern Ireland on 10 and 11 August.

Speaking at a reception held at the New University of Ulster at Coleraine on 11 August the Queen said that the sufferings in Northern Ireland 'have evoked sympathy and concern throughout the world and nowhere more than in the rest of the United Kingdom. To see such conflict taking place within our country emphasises the clear and continuing responsibility for us all to bring back peace and stability to this community.' The Queen said that she had seen 'hopeful signs of reconciliation and understanding'. She continued: 'I have sensed a common bond and a shared hope for the future. People everywhere recognise that violence is senseless and wrong and that they do not want it. Their clear message is that it must stop. And that is my prayer too.' The Queen said that the differing sections of the community understood that its survival and prosperity depended on living and working together in friendship and forgiveness. 'There is no place here', she said, 'for old fears and attitudes born of history, no place for blame for what is past. It is to the future that we must look, for that is the most important concern for us and for our children. And I believe we can look to it with hope.' After alluding to the wrong image which so many people had of 'separate and beleaguered communities living in fear and without hope,' the Queen continued: 'Every visitor here is surprised that normal life goes on. As word of this spreads abroad, investors, industrialists and tourists will recognise that this beautiful country and its diligent people have much to offer. The aim of all, Government and people, must be to turn into reality our hopes for a peaceful and stable future and a better life for all. I believe the opportunity is there to be grasped. I look forward to the day when we may return to enjoy, with the people of Northern Ireland, some of the better and happier times, so long awaited and so richly deserved.'

On the first day of the Queen's visit, an investiture ceremony for distinguished men and women of the Province was held at Hillsborough Castle near Belfast. The Duke of Edinburgh, meanwhile, visited the Harland and Wolff shipyard. In the afternoon the Queen held a reception at the castle for some 2,500 guests.

PRESIDENT CARTER'S STATEMENT

The willingness of the United States Government 'to join with others to see how additional job-creating investment could be encouraged' in the event of a peaceful settlement in Northern Ireland was referred to in a statement by President Carter on 30 August. At the same time he asked all Americans to refrain from supporting terrorist activities in the Province.

After referring to the 'close ties of friendship' which the United States had with both parts of Ireland and with Great Britain, Mr Carter said, 'It is natural that Americans are deeply concerned about the continuing conflict and violence in Northern Ireland. We know the overwhelming majority of the people there reject the bomb and the bullet. The United States wholeheartedly supports peaceful means for finding a just solution that involves both parts of the community of Northern Ireland, protects human rights and guarantees freedom from discrimination – a solution that the people in Northern Ireland, as well as the Governments of Great Britain and Ireland, can support. Violence cannot resolve Northern Ireland's problems: it only increases them, and solves nothing.

'We hope that all those engaged in violence will renounce this course and commit themselves to peaceful pursuit of legitimate goals. The path of reconciliation, co-operation and peace is the only course that can end the human suffering and lead to a better future for all the people of Northern Ireland. I ask all Americans to refrain from supporting, with financial or other aid, organisations whose involvement, direct or indirect, in this violence delays the day when the people of Northern Ireland can live and work together in harmony, free from fear. Federal law enforcement agencies will continue to apprehend and prosecute any who violate United States laws in this regard.

'United States Government policy on the Northern Ireland issue has long been one of impartiality, and that is how it will remain. We support the establishment of a form of Government in Northern Ireland which will command widespread acceptance throughout both parts of the community. However, we have no intention of telling the parties how this might be achieved. The only permanent solution will come from the people who live there. There are no solutions that outsiders can impose.

'At the same time, the people of Northern Ireland should know that they have our complete support in their quest for a peaceful and just society. It is a tribute to Northern Ireland's hardworking people that the area has continued to attract investment, despite the violence committed by a small minority. This is to be welcomed, since investment and other programmes to create jobs will assist in ensuring a healthy economy and combating unemployment.

'It is still true that a peaceful settlement would contribute immeasurably to stability in Northern Ireland and so enhance the prospects for increased investment. In the event of such a settlement, the United States Government would be prepared to join with others to see how additional job-creating investment could be encouraged, to the benefit of all the people of Northern Ireland.

'I admire the many true friends of Northern Ireland in this country who speak out for peace. Emotions run high on this subject and the easiest course is not to stand up for conciliation. I place myself firmly on the side of those who seek peace and reject violence in Northern Ireland.'

President Carter's statement was welcomed by the British and Irish Governments. The British Prime Minister, Mr Callaghan, said:

'I welcome President Carter s statement. It shows a very real human concern for the people of Northern Ireland and an understanding of the reality of the situation in saying that a permanent solution to the problem can come only from the people who live there. I am glad to have his support for the establishment of a Government there which will command widespread acceptance throughout both parts of the community.

'I welcome especially the President's rejection of violence and his support for peaceful means to find a solution. The overwhelming majority in Northern Ireland have also rejected violence. Violence will not achieve its purpose. It simply postpones the time when better days can return.

'I welcome too the President's willingness to support continued investment, which will provide jobs for the long-suffering people of the Province. We will continue to work together with the United States and our other major trading partners to attract new investment and Mr Roy Mason, the Secretary of State for Northern Ireland, will visit the United States in October for this purpose.'

ECONOMIC AID

New economic and industrial measures for Northern Ireland, supported by Government funds of £950 million over the next five years, were announced by the Secretary of State for Northern Ireland, Mr Roy Mason, in Belfast on 1 August.

Economic Progress

He re-affirmed the Government's confidence in the commercial and industrial future of Northern Ireland. This confidence was shared, he said, by overseas companies: firms based in the United States had increased their investment by some £29 million in the past year. Among the Province's attractions for investors were its extremely good industrial relations record, which had been consistently better than that of the rest of Britain, and its productivity record. Manufacturing productivity had risen by 32 per cent between 1970 and 1976, a significantly greater rate of increase than in Britain as a whole. Exports, too, had been steadily increasing in value. However, he said, the unemployment rate in Northern Ireland was higher than in any other part of Britain. It underlined the need for the further development of existing industries and the establishment of new ones. The work-force and trade unions of the Province had made it clear that they were determined to keep the wheels of industry turning. The record showed some recent successes – in shipbuilding, the aircraft industry, tourism, meat plants, and in the retention of selective employment payments – and the Government was continuing its job creation and training schemes. But, said Mr Mason, more needed to be done. What was needed was a set of coherent policy objectives that made sense in both the short and the long term. He believed that the Quigley report (see p 460, 1976) offered a sound guide to the areas where attention should be directed. In effect the report had said: stabilise the situation wherever possible; help existing industry to become stronger and more competitive; and take active steps to stimulate fresh growth. Much of the Government's effort would continue to be concerned with the first of these goals, said Mr Mason, but there was now a need to adopt more positive measures towards the other two. He emphasised that they had to be pursued jointly. Attracting new investment would not make the necessary impact on unemployment unless the existing industrial base was also strengthened. Success in attracting new investment depended on the skill and determination of the Government and on the co-operation of the entire community in the Province.

New Measures

Mr Mason then announced the new proposals to assist the Northern Ireland economy.

First, the Government would attack what had

constituted a disincentive to investment. This was the high price of electricity in the Province in contrast with its cost in the rest of Britain. The Government would write off £250 million of the £269 million that the Northern Ireland Electricity Service had borrowed from the Government Loans Fund. Furthermore the electricity service would receive grants over the next five years amounting to £100 million. This would relieve the service of much of the burden of interest repayments on its current and future borrowings and make it feasible for the service to review its industrial and commercial tariffs to see if they could be reduced.

Measures aimed to encourage industrial expansion and development by potential investors [for which a total of £600 million will be available over the next five years] were next outlined, including a number of changes to existing incentives. These have been notified to the European Community and a favourable response was expected in September. It was proposed in the first place to increase the maximum rates of grant on buildings and plant under the Government's scheme of industrial incentives. At present the upper limits of assistance towards these costs were 40 per cent, 35 per cent or 30 per cent depending on whether projects were located in areas of high, intermediate or low unemployment. These ceilings would be increased to 50 per cent, 45 per cent and 40 per cent, for a period up to 31 March 1980. Secondly, a scheme would be introduced to give grant aid for basic research and the development of new products and processes. Assistance would be at the same rates as the grants just mentioned up to a limit of £250,000 per project. Mr Mason hoped that firms based elsewhere in Britain would be encouraged to locate their research and development activities in Northern Ireland. Jobs might well be provided in this way for the Province's scientific and technical graduates. Thirdly, it was proposed to extend the rent-abatement concession on Government factories to five years [from three] and the maximum period of time for the highest rate of interest relief to three years [from two]. It was also proposed to use the selective assistance scheme to encourage significant employers in the service industries to locate in the Province. Finally, a new effort would be made to interest major international companies in locating projects in the areas with the highest rates of unemployment. There were signs that companies in the United States were beginning to look at the possibility of expansion. With the improvement in the security situation and the new incentives, Mr Mason said he was convinced that an all-out effort had to be made to secure new investment. Ministers would spearhead the drive with visits to the United States, Scandinavia and, possibly, Japan. The headquarters organisation and the overseas offices of the Department of Commerce would also be geared up for the job.

In conclusion Mr Mason stressed the importance of other forms of economic support that he had not touched on in his speech – the vital role of the Northern Ireland Development Agency, the promotion of the small businesses' sector and the maintenance of a high level of activity in the construction industry. A further £2·75 million would be allocated for the latter purpose in the current financial year.

He emphasised that the struggle to create better economic conditions in Northern Ireland would not be easy. But the changes just announced would give the Province a better opportunity to capitalise on a record of industrial performance which was one of the best in the Western world.

New Economic Council

The establishment of a new Northern Ireland Economic Council was announced by the Secretary of State for Northern Ireland, Mr Roy Mason, during his statement on economic measures, in Belfast on 1 August (see above). The previous council was disbanded in October 1976 (see p 460, 1976).

The new council, he said, had been established on the lines recommended in the report of a working party. It would be composed of 15 people, including the chairman, of whom five had been nominated jointly by the Northern Ireland Region of the Confederation of British Industry and the Northern Ireland Chamber of Commerce, and another five by the Northern Ireland Committee of the Irish Congress of Trade Unions. The other four would be independent members. The council would also have a full-time director-general and supporting staff.

Mr Mason emphasised that the new council would be an independent body, whose function would be to advise on the Government's planning in Northern Ireland and on the likely economic and industrial effects of legislation. It would also be asked to mount original studies on the economy. He was sure that the council would help to unite the efforts of the trade unions, employers' organisations and the Government.

SECURITY

Progress made by the security forces over the past year was referred to by the Secretary of State for Northern Ireland in the course of a debate in the House of Commons on Orders extending the period of direct rule and renewing emergency powers (*Hansard*, 30.6.77, cols 633-721). Mr Mason said that there had been significant developments in the organisation, operation and acceptance of the police during the last year and improved arrangements had been made for police and army co-operation (see pp 213-14). Although figures must be used with care they showed that the charging and conviction rate had risen and terrorist violence had decreased.

During the whole of 1976, 963 persons were convicted for scheduled offences on indictment and 214 of them received sentences of ten years or more. By 20 May 1977, 436 persons had been convicted, 141 receiving sentences of ten years or more. Comparing the past six months with the corresponding period in 1976, charges laid for serious terrorist offences had risen from 581 to 682, which showed an increased charging and conviction rate. Over the same period shooting incidents were down from nearly 900 to just over 650 and bomb explosions from almost 400 to 228. The weight of explosives used by terrorists had gone down from 9 tons to 2 tons and deaths had fallen from 174 in the first six months of 1976 to 79 in the first six months of 1977. Injuries, too, had been cut by half.

REFORM OF COURT SYSTEM

Proposals for the reform of the court system in Northern Ireland are contained in a White Paper published in August (*Courts in Northern Ireland: The Future Pattern*. Cmnd 6892. HMSO, 35p. ISBN 0 10 168920 9). The White Paper says that reform of the law governing the organisation and jurisdiction of the courts in Northern Ireland is long overdue. Its broad proposals are that a new Court of Appeal should be set up to which the jurisdiction of the present Court of Appeal and the Court of Criminal Appeal would be transferred, according to the pattern set in England by the Criminal Appeal Act 1966; that a new High Court should be established with civil jurisdiction only; and that a Crown Court should be created similar to that introduced in England and Wales by the Courts Act 1971 to exercise criminal jurisdiction previously handled by the High Court and the County Courts. The County Courts, however, would continue to exercise criminal appellate jurisdiction from the Magistrates' Courts whose role would not be substantially affected by the proposed reform. Appropriate legislation will be introduced as soon as is practicable to implement these proposals.

RECENT LEGISLATION

Among Orders in Council concerning Northern Ireland recently approved by Parliament are the following:

Criminal Injuries (Compensation) (Northern Ireland) Order 1977, which amends the existing provisions for compensation for criminal injuries to persons in order to improve the handling of claims; to remove certain abuses; to ensure that, as far as possible, compensation is not paid to those who have contributed to terrorism; and to make better arrangements for dependants (*Hansard*, 1.7.77, cols 751-77);

Criminal Damage (Compensation) (Northern Ireland) Order 1977, which makes new arrangements for claims for damage to property caused on or after 1 April 1978 as a result of civil unrest and terrorism and contains a provision that compensation shall not normally be payable to anyone who is or has been a member of an unlawful association or who is or has been engaged in acts of terrorism (*Hansard*, 19.7.77, cols 1517-45);

Legal Aid, Advice and Assistance Order 1977, which makes provisions in Northern Ireland broadly similar to those made for England and Wales by the Legal Aid Act 1974 (*Hansard*, 19.7.77, cols 1549-53).

Criminal Justice

CRIMINAL LAW ACT 1977

Changes in the distribution of criminal business between the Crown Court and the magistrates' courts and reforms in the conspiracy laws are among the many provisions of the Criminal Law Act 1977 which received Royal Assent on 29 July.[1] The Act, most of which applies only to England and Wales, is being brought into force gradually.

Courts

The Act simplifies the present complex rules governing the allocation of cases between the Crown Court (which tries the most serious cases by jury) and magistrates' courts by reducing the number of different categories of offences from six to only three. The three categories will be offences triable only in the Crown Court, offences triable only in the magistrates' court, and offences triable either in the Crown Court or (with the consent of the accused and the court) in the magistrates' court. The Act transfers a number of offences to different categories.

These provisions, when implemented, are expected to result in a transfer of several thousands of cases from the Crown Court to magistrates' courts, thereby relieving the overburdened Crown Court and reducing the time spent awaiting trial.

Conspiracy

The Act restricts the offence of conspiracy to agreements by two or more people to commit criminal offences. Instead of being unlimited, the penalty for conspiracy is no greater than that for the completed offence. In line with this change the penalty for conspiracy to cause an explosion is raised from 20 years' to life imprisonment.

Forcible Entry of Premises

The common law on forcible entry and related statutory legislation are repealed and five specific offences are created. These are:

1 the use or threat of violence to secure entry to premises on which another person is present;

2 a failure to leave premises when required to do so by a displaced residential occupier or a protected intending occupier of the premises;

3 trespass with an offensive weapon;

4 trespass on diplomatic premises;

5 the obstruction of court officers executing an order for possession.

Some of these changes are designed to help a person who, for example, on return from a holiday, finds his home occupied by squatters, or a person who buys a house and is prevented from moving in by the presence of squatters.

Fines

The maximum summary fine for the category of offences triable in a magistrates' court or on indictment in the Crown Court is to be raised to one standard level – £1,000. Maximum fines for some purely summary offences are also being raised to the same amount – for example, many offences of the kind committed by football hooligans over the age of 17.

[1] *Criminal Law Act 1977*. Ch 45, HMSO, £2·10. ISBN 0 10 544577 0.

The maximum fine which may be imposed on a young person (aged between 14 and 17) for any offence is raised to £200 and on a child under 14 to £50. The amount of compensation which may be ordered by a magistrates' court is also raised to £1,000.

Under the Act, the Home Secretary is empowered to alter these maxima so that, if the value of money changes, maximum fines may be maintained at a realistic level.

Juveniles

In cases of fine default by juveniles, a court is empowered to make an order requiring the offender to spend part of his spare time on Saturdays at an attendance centre. Alternatively the court may order the parent or guardian to pay the fine.

Anti-Rabies Legislation

Maximum fines for offences against the anti-rabies legislation are also raised. Magistrates will be able to impose fines of £1,000 on people who smuggle animals into the United Kingdom in defiance of the anti-rabies control under which certain animals imported into the United Kingdom have to be quarantined for six months. Wider powers of arrest are given to the police to deal with anyone contravening the controls.

Coroners' Juries

The Act abolishes the duty of a coroner's jury to name the person they find guilty of causing a death, and the coroner's duty to commit that person for trial. It also removes the obligation for a coroner to sit with a jury in cases of homicide or road traffic deaths.

Other Measures

Several other important measures are contained in the Act.

1 The courts are given a new power, when passing a sentence of between six months' and two years' imprisonment, to order that part should be served in prison and part held in suspense.

2 An arrested person will have the right to inform someone else where he or she is, without delay, unless some delay is necessary to investigate or prevent crime or to apprehend offenders.

3 Two new offences are created, namely the placing of or sending a hoax bomb, and giving a false warning of a hoax bomb.

4 The old offence of making a written threat to kill a person is extended to spoken threats, for example, those made over the telephone.

5 The number of peremptory challenges that the defence can make against prospective jurors is reduced from seven to three.

6 A new power provides for advance disclosure of the prosecution case to the defence in summary proceedings.

7 Imprisonment as a penalty for being drunk and disorderly is abolished.

8 The ratio of maximum periods of imprisonment which may be imposed for fine default to the amount of money outstanding is amended to reduce the liability to imprisonment.

9 A court will be able to order a defendant remanded in custody to appear in another court nearer the prison.

10 Cannabis is redefined for the purpose of the Misuse of Drugs Act 1971.

11 The exhibition of films is brought within the scope of the Obscene Publications Acts instead of being subject to the common law.

12 There are new provisions for the service and execution in any part of the United Kingdom of summonses and warrants issued in any other part of the United Kingdom.

13 The offences of causing death by reckless or dangerous driving and of driving recklessly or dangerously become causing death by reckless driving and driving recklessly.

Scotland

Although most of the Act extends only to England and Wales, certain provisions extend to Scotland, notably the bomb hoax offences. Others relate to offences triable only summarily, and some to penalties. The wider powers given to the police and the courts to deal with people contravening the anti-rabies controls apply to the whole of the United Kingdom.

POWERS OF THE CRIMINAL COURTS

Recommendations concerning the powers of the criminal courts were published by the Advisory Council on the Penal System in August.[1]

Under the present criminal law in England and Wales, certain powers of the criminal courts apply only to offences punishable with imprisonment. The object of the council's review, requested by the Home Secretary in July 1975, was to consider whether any of these powers and procedures should in future cease to depend upon the power of the court to punish the offence with a sentence of imprisonment.

The council recommends that the following powers should be applied to all offences, whether imprisonable or non-imprisonable:

1 the issue of an arrest warrant for offences which in the future cease to be imprisonable;

2 the taking of fingerprints;

3 the attendance of a young person (aged between 14 and 17) for fingerprinting;

4 remand for medical or psychiatric examination;

5 the making of an attendance centre order;

6 the making of a guardianship order by a magistrates' court;

7 the making of a community service order for certain offences non-imprisonable on first conviction only; and

8 detention for one day in a court house or police station.

[1] *Powers of the Courts Dependent on Imprisonment. Report of the Advisory Council on the Penal System.* HMSO, 50p. ISBN 0 11 340058 6.

It also argues that, where appropriate, an offence which in future ceases to be imprisonable may have the liability of imprisonment returned in the case of a second or subsequent conviction of the same or similar offence.

In addition, the council recommends that the Home Secretary should consider the possible use of an intermediate category of offence, for which the courts would have power to impose a sentence of imprisonment only in the event of an offender refusing consent to a community service order or a probation order.

EXTERNAL AFFAIRS AND DEFENCE

Rhodesia

On 1 September details of Britain's proposals for a settlement of the Rhodesian problem were published simultaneously in London, Washington and Salisbury. The proposals, which had the full support of the United States Government, were contained in a White Paper.[1] Also announced on the same day was the appointment of the Resident Commissioner-designate for Rhodesia, Field-Marshal Lord Carver,[2] who, if the proposals are implemented, will administer Rhodesia during the transition period leading to independence (see below).

The proposals are based on the following elements: the surrender of power by the illegal regime and a return to legality; an orderly and peaceful transition to independence in the course of 1978; free and impartial elections on the basis of universal adult suffrage; the establishment by the British Government of a transitional administration, with the task of conducting the elections for an independent Government; a United Nations presence, including a United Nations force, during the transition period; an Independence Constitution providing for a democratically elected Government, the abolition of discrimination, the protection of individual human rights and the independence of the judiciary; and a Development Fund, to revive the economy of the country, which Britain and the United States view as predicated upon the implementation of the settlement as a whole.

The proposals were published following intensive consultations in August beginning with a visit to London on 12 August by Mr Cyrus Vance, the United States Secretary of State. Discussions were also held during the second week in August with the South African Foreign Minister, Mr Botha, and with the Tanzanian President, Mr Nyerere, and the nationalist leaders, Mr Joshua Nkomo, and Bishop Abel Muzorewa. Further discussions with interested parties followed when Dr David Owen, the Foreign and Commonwealth Secretary, began his second tour of African capitals on 25 August accompanied by Mr Andrew Young, the US Ambassador to the United Nations. After visiting Lagos, where they had discussions with the Nigerian Head of State, General Obasanjo, Dr Owen and Mr Young travelled to Lusaka where they had separate meetings with the Front Line Presidents and Mr Nkomo and Mr Mugabe of the Patriotic Front on 27 August. On 29 August they met Mr Vorster, the South African Prime Minister, and Mr Botha in Pretoria. After further discussions with President Nyerere in Dar es Salaam on 30 August, Dr Owen and Mr Young held meetings with Kenyan ministers and representatives of the Organisation of African Unity in Nairobi on 30 and 31 August before travelling to Salisbury for meetings with Mr Smith, Bishop Muzorewa and the Reverend Sithole on 1 September.

The Settlement Proposals

The White Paper begins by reviewing the events since the launching in March 1977 of the joint Anglo/US peace initiative (see pp 189-90 and 301-3) to achieve a negotiated settlement in Rhodesia. It recalls that the British Government, in full agreement with the United States Government, had decided to put forward firm proposals on the basis of consultations between the Anglo/US Consultative Group and all the parties concerned.

On the question of a constitution, the White Paper proposes that 'the Independence Constitution should provide that Zimbabwe would be a sovereign republic. Provision would be made for democratic elections on the basis of one man, one vote, and one woman, one vote, for a single-chamber National Assembly. Elections would be on the basis of single-member constituencies. . . . The proposals should not necessarily be taken as excluding alternative possibilities in certain areas which do not go to the heart of the Constitution. . . .

'Discrimination would be forbidden by a Bill of Rights protecting the rights of individuals, which 'would be entrenched in the Constitution and would be justiciable so that aggrieved individuals could enforce their rights through the courts. The Bill of Rights would permit the Government of Zimbabwe to introduce measures of land reform while guaranteeing the right to private property. The Constitution would also establish an independent judiciary and an independent Public Service Commission to ensure an efficient and non-political civil service.

'The Government of Zimbabwe would inherit the assets and debts of the Government of Southern Rhodesia and would take over past and present pensions obligations in the public sector, the rights

[1] *Rhodesia: Proposals for a Settlement.* Cmnd 6919. HMSO, 45p. ISBN 0 10 169190 4.

[2] Field-Marshal Lord Carver became Chief of Defence Staff in October 1973, a post he held until his retirement in 1976. During 1964 Lord Carver commanded the multinational Truce Force in Cyprus before becoming Deputy Commander of the United Nations Force.

of the pensioners being guaranteed by the Constitution. The Constitution would contain the basic provisions regulating Zimbabwe citizenship and these would be entrenched. The question of . . . dual citizenship . . . would have to be a matter for further discussion with the parties.'

The White Paper notes that 'the Commonwealth Governments in London expressed the unanimous hope that Zimbabwe would soon become a member of the Commonwealth', and adds that the 'British Government will do everything to facilitate this'.

The Transitional Administration

The settlement proposals state that 'it is a basic premise of the British and United States Governments that the present illegal regime will surrender power so that the transitional administration may be installed peacefully. The two Governments will take such steps as seem to them appropriate to secure the transfer of power by Mr Smith (or his successor) on a day to be agreed.'

The British Government would place before the Security Council the proposals for the Independence Constitution, and also its proposals for the administration of the territory of Rhodesia during the transition period leading up to independence which would entail:

'(a) The appointment by the British Government, either under existing statutory powers or under new powers enacted for the purpose, of a Resident Commissioner and a Deputy. The role of the Resident Commissioner will be to administer the country, to organise and conduct the general election which, within a period not exceeding six months, will lead to independence for Zimbabwe, and to take command, as Commander-in-Chief, of all armed forces in Rhodesia, apart from the United Nations Zimbabwe Force (see below).

'(b) The appointment by the Secretary-General of the United Nations, on the authority of the Security Council, of a Special Representative whose role will be to work with the Resident Commissioner and to observe that the administration of the country and the organisation and conduct of the elections are fair and impartial.

'(c) The establishment by resolution of the Security Council of a United Nations Zimbabwe Force whose role may include:

(1) the supervision of the cease-fire (see below);

(2) support for the civil power;

(3) liaison with the existing Rhodesian armed forces and with the forces of the Liberation Armies.

The Secretary-General will be invited to appoint a representative to enter into discussions, before the transition period, with the British Resident Commissioner-designate and with all the parties with a view to establishing in detail the respective roles of all the forces in Rhodesia.

'(d) The primary responsibility for the maintenance of law and order during the transition period will lie with the police forces. They will be under the command of a Commissioner of Police who will be appointed by and responsible to the Resident Commissioner. The Special Representative of the Secretary-General of the United Nations may appoint liaison officers to the police forces.

'(e) The formation, as soon as possible after the establishment of the transitional administration, of a new Zimbabwe National Army which will in due course replace all existing armed forces in Rhodesia and will be the army of the future independent state of Zimbabwe.

'(f) The establishment by the Resident Commissioner of an electoral and boundary commission, with the role of carrying out the registration of voters, the delimitation of constituencies and the holding of a general election for the purposes of the Independence Constitution.'

The White Paper adds that 'on the agreed day on which power is transferred to the transitional administration . . . a cease-fire will come into effect within Rhodesia and measures will be taken to lift sanctions'.

The Zimbabwe Development Fund

The White Paper proposes that 'the Zimbabwe Development Fund, jointly sponsored by the British and United States Governments, will have as a target a minimum approaching US $1,000 million and a maximum rather less than US $1,500 million to which Governments in many parts of the world will be asked to contribute. Its purpose will be to provide funds for the economic stability and development of an independent Zimbabwe through assistance to various sectors and programmes such as rural development, education, health, social and economic infrastructure, and resettlement and training schemes for Africans, including those affected by the present conflict. The operations of the fund would help to ensure that the obligations of the Zimbabwe Government under the settlement will not inhibit economic development in Zimbabwe for lack of foreign exchange and would thereby also help to reassure those who fear that the new Government might be unable to carry out these obligations. The establishment and continued operation of the fund are predicated upon the acceptance and implementation of the settlement as a whole . . .'.

Conclusion

In conclusion the White Paper says that 'the British and United States Governments believe that the . . . proposals provide for all the citizens of the independent Zimbabwe security, but not privilege, under the rule of law, equal political rights without discrimination, and the right to be governed by a Government of their own choice. They also believe that the proposed arrangements for the transfer of power are calculated to ensure a quick, orderly and peaceful transition to independence. They have agreed to use their joint influence to the full to put the proposals into effect. But a lasting settlement cannot be imposed from outside: it is the people of Zimbabwe who must achieve their own independence. These proposals offer them a way. The two Governments urge them to seize the opportunity'.

Dr Owen's Statement

In a statement, made in Salisbury on 1 September, Dr Owen discussed the contents of the White Paper. He said that 'the crucial issue now is law and order during the transition period and during independence. It is a fundamental principle and generally agreed by the parties', he continued, 'that on independence day the independent Government of Zimbabwe should have under its command one unified army loyal to the people of Zimbabwe and their duly elected Government. On this principle there can be no compromise.' Dr Owen explained that the basic objectives must be 'to organise the maintenance of law and order during the transition period, and to create the single army of Zimbabwe'.

On the respective roles of all the forces in Rhodesia, Dr Owen stressed that 'it must be accepted by all parties and by the military commanders subordinate to them that the objective is a general cease-fire which will take effect at the beginning of transfer day, ie when the Resident Commissioner assumes office. The British Government will not enact and the British Parliament will not approve the transitional constitution which is necessary for the formal appointment of a Resident Commissioner, nor will there be a return to legality in Rhodesia through the transitional constitution unless the British Government and the British Parliament are satisfied not only that there will be an effective cease-fire, but that the outcome of the negotiations . . . is generally acceptable to the parties concerned and will provide a climate in which free and fair elections can be held and a stable independent Government of Zimbabwe can be formed within six months from the return to legality'.

Upon taking office the Resident Commissioner would, Dr Owen said, 'at once appoint new officers to any key posts in the Rhodesian army and the Rhodesian air force which are thought to be appropriate as well as the new Commissioner of Police. He will give instructions for the disbandment of certain units such as the Selous Scouts. In addition urgent steps will be taken to arrange for the discharge of those non-Rhodesians who have entered Rhodesia in order to join the Rhodesian Defence Forces.'

Referring to the role of the UN Zimbabwe Force in supervising the cease-fire, Dr Owen stated that 'it is envisaged that elements of the UN Zimbabwe Force will be attached to both the remaining Rhodesian Defence Forces and the Liberation Forces'. He also pointed out that 'should any situation appear to be getting beyond the power of the police to control, the Resident Commissioner, in consultation with the Commissioner of Police, the UN Special Representative and others as appropriate will, through the UN Special Representative, call in the first instance upon the UN Zimbabwe Force to support the police force in the maintenance of law and order. Supervision of the cease-fire by the UN Zimbabwe Force in support of the authority of the Resident Commissioner would be provided for in the mandate approved for it by the Security Council. The Resident Commissioner will retain the right to call on any of the forces under his command in the exercise of his ultimate responsibility for the maintenance of security and law and order.'

Dr Owen referred to the provisions in the White Paper for the creation of a unified army loyal to the people of Zimbabwe. He explained that 'enrolment in this army will be open to all citizens, but it will be based on the Liberation Forces. The organisation, recruitment, and training of this army will be the responsibility of the Resident Commissioner in consultation with the parties concerned. . . . It is self-evident that this army must be loyal to whoever is elected president and whoever forms the new Government of Zimbabwe. . . . Following the elections and prior to independence, the president-elect will make the decisions on the final structure and composition of the Zimbabwe National Army.'

Dr Owen concluded by saying that the British and US Governments, 'while not underestimating the intense difficulties that still need to be faced, believe that it is possible to achieve an internationally accepted negotiated settlement on the basis of the White Paper and intend to go forward on this basis'.

At the end of their tour of Southern Africa on 2 September, Dr Owen and Mr Young explained the next moves in the search for a Rhodesia settlement at press conferences, first in Salisbury and then in London. Dr Owen said that his main aim was 'to bring people to the negotiating table'. He believed that it was important to 'get into a framework of negotiation, and then get into private negotiation'. However, it was necessary 'to see the settlement as a whole and look at the incentives for people to accept it as a whole and not fragment it'. The 'Zimbabwe Development Fund . . . is predicated on the basis of a settlement as a whole'. If the parties concerned came to the negotiating table 'they must recognise that they come within the overall shape of the package; that it must be judged as a whole, and it is no good trying to unpick the package in major elements. Of course, there are some bits that are still clearly for negotiation and they are delineated in the White Paper and other areas, but the broad structure of the package has got to be judged as a whole.'

Dr Owen explained that Britain would be asking the 'Security Council to brief the Secretary-General to appoint a representative to enter into negotiations and discussions about the security situation and law and order, and above all the achievement of a negotiated cease-fire. . . . Then it is for the various parties to the armed struggle to decide whether they are going to come to the negotiating table and how negotiations [will be] conducted'. Dr Owen had earlier commented that 'the only people who can negotiate the cease-fire are those who control the military commanders, and the military commanders themselves. . . . So the two men who have most to do with the transitional administration – the Resident Commissioner-designate and the future UN force commander – would discuss [the cease-fire] with the military commanders, and those who are responsible for them, both from the Rhodesian Front and from the Liberation Forces. A negotiated cease-fire has eluded many, many people who have tried it – it is the hardest thing to achieve, particularly when neither army is totally defeated.' However, Dr Owen added, the military 'are often the most realistic. . . . It is often the military who recognise before the politicians that they have got to come to an arrangement.'

Anglo-Spanish Relations

The British Foreign and Commonwealth Secretary, Dr David Owen, visited Spain from 5 to 7 September. During a press conference given before his departure for London, Dr Owen expressed his belief that a basis had been established for deepening the relationship between Britain and Spain as a result of his visit. In interviews given for British and Spanish television on 6 September, he had said that, in his talks with the Spanish ministers, a wide range of questions, concentrating particularly on Europe and Spain's application for membership of the EEC, had been discussed.

European Community and NATO

The Foreign Secretary indicated in the interviews that Britain strongly supported Spain's application to join the European Community (see p 301). He admitted, at the press conference, that there might be a slight economic disadvantage to Britain in enlargement, but he was convinced that it would help to strengthen democracy. Britain would support a Spanish application to join NATO but this was a decision for the Spanish Government and people. It was not his job to persuade them or interpret their views.

Gibraltar

Much of the press conference was devoted to the problem of Gibraltar,[1] although Dr Owen pointed out that the great majority of his discussions in Spain had been concerned with other issues, and the two Governments had not committed themselves to negotiate over Gibraltar.

He said: 'I have made it clear to the Spanish Government that I consider the situation over the Gibraltar problem is one we ought to be able to resolve, but I have made it equally clear to them that it can only be resolved with the agreement of the people of Gibraltar.' It would be helpful if the problem were resolved before Spain became a full member of the EEC, but Britain's support for Spain on this and other matters would not depend on progress over Gibraltar. Spanish restrictions on Gibraltar ran counter to the trend whereby Britain and Spain were increasingly working together in international bodies including, for example, the Belgrade review conference (see p 95), and they made it more difficult to develop the necessary degree of trust and understanding. It was not a situation that two democratic Governments should perpetuate. He continued: 'I came here to try and demonstrate that, firstly, good relations between Spain and the UK is a fundamental objective of our foreign policy and our commercial policy, and I believe that has been obtained; and as to Gibraltar, this is a new Spanish Government, a democratic Government which has already shown itself sensitive to minorities and realises that it has to take into account the views of other people, and in the discussions which I have had on Gibraltar I found that degree of sensitivity, of understanding. Now that is the most hopeful ingredient in the resolution of Gibraltar.' Furthermore, there had been a transformation of people's attitudes in recent years. He thought that, with courage and imagination, the problem could be resolved. The first necessity was to get a better climate of trust between the peoples of Gibraltar and Spain.

In the television interviews, Dr Owen said that the views of the Gibraltarians were 'absolutely fundamental' and 'nothing will be done behind their backs'. With their support it should now be possible to resolve this problem.

[1]For background to the Gibraltar question, see COI fact sheet, *Gibraltar*, FS1/75.

Shorter Notes

CYPRUS

Mr Spyros Kyprianou was proclaimed President of Cyprus on 31 August. The new President will hold office until the new presidential election next February. He had been the acting President following the death, on 3 August, of Archbishop Makarios, who had held the office of President since Cyprus became independent in 1960.

Finance Act 1977

A number of changes have been incorporated into the Finance Bill, which followed the March Budget (see pp 152-63), during its passage through Parliament. The Bill received the Royal Assent in July, becoming the Finance Act 1977. A summary of the major amendments is given below

Income Tax

Allowances

The personal allowances for 1977-78 have been increased compared with those proposed in the Budget (see pp 159 and 305). The single person's and wife's earned income allowances are now £845 a year each as against the proposed £805 a year. The married person's allowance is £1,295 a year instead of the proposed £1,225 and the additional personal allowance is £450 a year instead of the proposed £420 a year. The age allowances for those over 65 are £1,120 a year instead of £1,080 a year for a single person and £1,765 a year instead of £1,695 a year for a married couple.

Tax Rate

The basic rate of income tax for 1977-78 is 34 per cent. In his Budget statement the Chancellor of the Exchequer, Mr Denis Healey, indicated that a reduction from the basic rate of 35 per cent for 1976-77 was possible depending upon a satisfactory agreement on a new pay policy (see pp 160 and 305).

Value Added Tax

With effect from 1 October 1977 the turnover threshold above which a trader is required to register for value added tax purposes is to be raised from £5,000 a year to £7,500 a year.

Excise Duty

The 5p per gallon increase in the rate of duty on light hydrocarbon oils used for road fuel (mainly petrol) and on petrol substitutes proposed in the Budget became effective on 29 March but has been withdrawn with effect from 8 August 1977.

Overseas Direct Investment

Although outward and inward direct investment fell between 1974 and 1975, preliminary estimates suggest that both increased considerably in 1976, outward investment exceeding the previous peak level of 1973. These are among the main results of the Department of Trade's detailed inquiry into overseas direct investment and Britain's earnings from it in 1975 which were published, together with preliminary estimates for 1976, in *Trade and Industry* on 5 August (HMSO, 35p, ISBN 0 11 724867 3).

Table 1 sets out the main aggregates of private sector direct investment and earnings for the period 1970-76.

Following a sharp decline of nearly £500 million between 1974 and 1975, outward direct investment is estimated to have increased by some £800 million between 1975 and 1976 to a level 16 per cent above the peak value of 1973. The earnings on outward direct investment continued to increase in 1976, rising by nearly £500 million to an estimate of £2,064 million compared with an increase of nearly £100 million between 1974 and 1975. Sterling depreciation, particularly in the first half of 1976, was a major contributor to this growth.

Inward direct investment, which also fell between 1974 and 1975, is estimated to have increased by over £200 million between 1975 and 1976, although the estimated 1976 level was still some 10 per cent below that reached in 1974. Earnings on inward direct investment are estimated to have risen sharply to £1,045 million in 1976, following two years in which the level had settled at about £600 million.

The article shows that the decline in outward direct investment between 1974 and 1975 was reflected in all its main components, with the exception of unremitted profits. The estimates for 1976 show an increase in all the main components of outward direct investment.

As in previous years, companies continued in 1975 to borrow funds raised by foreign subsidiaries in the international finance market. It is thought that most of these funds were redirected by the British parent companies to affiliates in other parts of the world. Companies themselves also borrowed substantial funds abroad to finance their direct investments, but such borrowings, whether in the form of eurodollar borrowing from British banks or direct borrowing abroad, were not covered in this inquiry.

The article shows that most of the fall of £300 million in inward direct investment in 1975 was accounted for by a sharp reduction in acquisitions of share and loan capital from the record levels of 1974. The 1976 estimates suggest that most of

the increase in inward direct investment in that year was accounted for by a rise in unremitted profits.

Outward Investment and Earnings

In 1975 a decrease of some £30 million in earnings from the rest of the European Economic Community (EEC) was more than offset by an increase of about £120 million from non-EEC countries. Direct investment in the rest of the EEC in 1975 fell by over £200 million, to a level nearly 60 per cent lower than in 1974, compared with a decline of just over 20 per cent in direct investment in non-EEC countries. Unremitted profits fell by over £30 million in the rest of the EEC compared with an increase of about £60 million in non-EEC countries. Other investment in the rest of the EEC fell sharply by £180 million and by over £320 million in non-EEC countries.

Table 2 provides a more detailed geographical analysis of outward direct investment. On a broad area basis the only increase in outward direct investment in 1975 occurred in the 'rest of the world'. For all other areas there was a fall.

Table 3 gives a geographical analysis of the earnings arising from outward direct investment.

Table 1 Private Direct Investment and Earnings 1970-76

£ million

	1970	1972	1974	1975	1976 p
Net annual investment					
Outward*					
Unremitted profits	322	465	851	873	1,244
Other investment	224	272	725	221	630
Total	546	737	1,575	1,094	1,874
Inward†					
Unremitted profits	179	301	243	240	568
Other investment	175	103	594	285	185
Total	354	404	837	525	753
Net earnings					
Outward*	710	911	1,490	1,583	2,064
Inward†	360	552	609	615	1,045

*Excluding oil companies.
†Excluding oil companies and insurance.
p Provisional.

Source: *Trade and Industry*

Table 2 Net Outward Direct Investment Flows 1971-75

£ million

	Average 1971-72	Average 1973-75	1972	1974	1975
Western Europe	295	430	289	464	201
of which:					
EEC*	243	345	223	364	151
EFTA†	29	54	53	72	24
Other‡	23	31	13	28	26
North America	159	434	161	483	308
of which:					
United States	117	325	105	398	201
Other developed countries	177	327	202	409	288
of which:					
Australia	119	170	121	211	120
South Africa	49	139	74	178	153
Rest of the world	77	240	85	220	297
of which:					
India	7	17	4	17	23
Ghana	—	3	2	5	2
Nigeria	20	30	22	28	44
Malaysia and Singapore	16	23	19	26	21
All areas	707	1,430	737	1,575	1,094
of which net transfers from:					
financial subsidiaries:	—58	—57	55	—59	—70

*Excluding Denmark and the Irish Republic in the years 1971-72.
†Including Denmark in the years 1971-72.
‡Includes Cyprus, Gibraltar, Greece, Malta, Spain and Turkey, and the Irish Republic prior to 1973.

Source: *Trade and Industry*

Table 3 **Overseas Direct Investment Earnings 1971-75**

£ million

	Average 1971-72	Average 1973-75	1972	1974	1975
Western Europe	189	337	219	322	323
of which:					
EEC*	127	261	149	268	240
EFTA†	31	58	38	37	70
Other‡	33	18	33	17	13
North America	187	307	214	308	313
of which:					
United States	124	190	137	189	187
Other developed countries	218	428	239	409	446
of which:					
Australia	111	197	127	164	204
South Africa	87	195	88	214	211
Rest of the world	221	437	239	451	501
of which:					
India	25	32	26	36	34
Ghana	6	5	9	5	6
Nigeria	24	52	29	41	80
Malaysia and Singapore	36	64	32	75	57
All areas	815	1,508	911	1,490	1,583

*Excluding Denmark and the Irish Republic in the years 1971-72.
†Including Denmark in the years 1971-72.
‡Includes Cyprus, Gibraltar, Greece, Malta, Spain and Turkey, and the Irish Republic prior to 1973.

Source: *Trade and Industry*

Table 4 **Area Analysis of Net Inward Direct Investment and Earnings 1972-75**

£ million

	Net investment			Net earnings		
	1972	1974	1975	1972	1974	1975
Western Europe (including EEC)	91	192	163	103	110	157
EEC	38	72	114	56	63	97
of which:						
Belgium and Luxembourg	3	5	25	10	13	27
Denmark	—	2	8	—	—	15
France	17	24	37	15	21	30
German Federal Republic	5	33	11	3	7	11
Italy	8	6	1	—	2	4
Netherlands	6	10	—1	27	18	4
North America	249	462	201	409	438	373
of which:						
Canada	—17	63	—23	12	43	1
United States	266	399	224	398	395	372
Other developed countries	45	10	99	26	40	54
of which:						
Australia	5	9	64	7	11	22
South Africa	27	20	45	12	14	10
Rest of the world	20	173	62	14	22	3
All areas	405	837	525	552	609	615

The major contributors to the overall increase of about £90 million were Australia (£40 million) and Nigeria (£39 million); very modest increases were recorded in Western Europe and North America.

Inward Investment and Earnings

Table 4 gives an area and major country analysis of inward investment and earnings. Investment from the United States fell by £175 million in 1975 and represented some 43 per cent of the total compared with over 60 per cent in 1972. Large increases in investment came from Australia, South Africa, Belgium and Luxembourg, while there was a large disinvestment by Canada. Investment from the rest of the EEC increased sharply by £42 million.

Earnings of affiliates of United States companies decreased by £23 million between 1974 and 1975 and accounted for only about 60 per cent of the

total earnings, a decline from an average 73 per cent in the years 1971 to 1973. Earnings by companies in the rest of the EEC increased by £34 million; while those by Australian companies doubled and those for Canadian companies fell sharply from previous years.

Scope and Coverage of the Inquiry

Just over 2,000 approaches were made to companies for details of inward and outward direct investment and the earnings from it in 1975, similar to the number approached in the previous inquiry relating to 1974. More than 950 companies were approached in respect of outward investment and about 1,050 in respect of inward investment. All sectors of industry were approached with the exceptions of oil companies and foreign-owned insurance companies. As well as registered companies, the figures for outward investment and earnings cover certain overseas transactions of a number of public corporations, namely the British Steel Corporation, British Airways, Cable and Wireless and the Gas Council.

Just over two-thirds of the companies approached (representing an even higher proportion of total overseas earnings and investments) responded in full to the inquiry (response to which was voluntary), and returns for a substantial proportion of the remainder could be constructed from accounting and other information. The estimates in the tables include allowances for non-respondents and for those companies not currently approached because of the low level of their overseas investment. In general, the estimates for all countries and for broad geographical areas will be proportionately more accurate than those for individual countries.

For the purpose of this inquiry, private direct investment was defined as investment by companies in overseas branches, subsidiaries and associates (collectively described as affiliates). It does not cover portfolio investment—that is, other investments in the stocks and shares of companies, or in the bond issue of public authorities.

Direct investment covers a wide range of transactions, including the establishment of new subsidiaries and branches, the acquisition of a controlling interest in existing overseas concerns, the acquisition of a trade investment (that is, the purchase of a non-controlling interest in an existing concern), additions to holdings of share and loan capital of existing subsidiaries and associates, additions to working capital, including increase in trade and other credit extended to affiliates, and the value of goods supplied without payment. It also includes the investing company's share of profits retained by subsidiaries and associates.

Net investment, that is, investment less disinvestment, is a financial concept; it differs from the growth of the affiliates' net assets (and still more of their fixed assets), part of which may be financed by shareholders other than the overseas parent or associated company, or from funds raised locally without an additional capital call on the parent or associate.

Direct investment also includes a number of transactions which do not involve a transfer of cash; for example, if a British company acquires (or is acquired by) a foreign company by means of an exchange of shares the direct investment resulting from the transactions will be offset by an equivalent portfolio investment. Although there is no flow of funds from the point of view of private investment as a whole, a direct investment asset or liability is acquired. together with an equivalent portfolio liability or asset.

British Aid: Some Recent Developments

Some recent developments in Britain's policies and programmes for helping developing countries to improve their economic and social conditions are summarised below.

STRATEGY OF AID

Help for the Poorest

During the past 18 months Britain has continued to implement the overseas aid strategy outlined in the White Paper of 1975 (see pp 446-8, 1975), with its emphasis on increased aid to the poorest countries and for the poorest groups within those countries – the 'poorest' countries being defined as those with *per capita* incomes of less than $200 a year. Since the majority of the poorest people live in the rural areas, the policy has largely been implemented by selecting schemes which help the poor by promoting rural development. In 1976 about 66 per cent of Britain's gross bilateral aid went to countries with annual *per capita* incomes of less than $200, compared with 57 per cent in 1975. In addition there has been an increase in the proportion of bilateral aid committed to projects wholly benefiting the rural poor – from 28 per cent in 1974 to nearly 37 per cent in 1975.

In a recent House of Commons debate on overseas development (*Hansard*, 13.6.77, cols 34-148), Mrs Judith Hart, Minister of State for Overseas Development, defined the scope of this strategy when she said, 'we must not be too narrow in our definition of what constitutes assistance to rural development. . . . On the one hand, there are the clearly narrower agricultural components: the inputs of expertise directed towards improvements in agricultural production, livestock, fisheries and forestry production. . . . On the other hand', she continued, 'in very many of the poorer parts of the world a first essential in the effective development of the potential of the land is the availability of power and irrigation; a second is access to and from the markets, which the building of feeder roads can provide; and a third is the development of processing industries – industrial development, not rural development – which can enable a developing country to keep for itself the value-added element which has traditionally been the prerogative of the industrialised countries but by which it can immensely increase its own income.'

Expenditure Plans

Figures published in the Government's latest White Paper on public expenditure (see pp 63-6) show that, despite reductions of £50 million in 1977-78 and £55 million in 1978-79 from the previously planned levels for those years, gross expenditure on the British aid programme will show a small increase between 1976-77 and 1978-79 of 1·6 per cent. In constant (1976 survey) prices this will give a gross expenditure of £526 million in 1978-79 compared with £519 million in 1976-77. The Government has accepted in principle the United Nations target of 0·7 per cent of gross national product (GNP) for official development assistance, but without commitment as to the date by which this target may be achieved. In 1975, British official development assistance represented 0·37 per cent of GNP.

In the current financial year it is planned that roughly half the allocation of £493 million will go towards bilateral capital aid, one quarter through multilateral institutions, and a little less than one fifth in technical co-operation. The remainder will be spent mainly through the Commonwealth Development Corporation.

Appropriate Technology

In line with Britain's policy of increasing the emphasis of the aid programme on the poorer groups in developing countries, the Government recently accepted recommendations made by the ODM Working Party on Appropriate Technology[1] for providing developing countries with more labour-intensive or 'intermediate' technology which is less sophisticated than they receive in the course of normal commercial and trading relations. The report recommends, and the Government accepts, that existing technical co-operation and capital aid projects assisting intermediate technology should be intensified, and that not less than £500,000 a year for three years (at 1977 prices) should be set aside from the aid programme to support institutions in Britain and overseas concerned with the promotion of intermediate technology.

According to the report, the growth of intermediate technology enables developing countries to make the most efficient and socially acceptable use of their resources, particularly labour. It can create opportunities for work and make work more productive. The products of intermediate technology are likely to be cheaper than those of advanced techniques. Both existing, cruder methods and capital-intensive systems can be replaced by the intermediate approach. Particular benefit is seen in small-scale production and in common ancillary processes such as handling, transport and packaging. Hence there is believed to be good scope for intermediate technology in such areas as food industries, metal-working, agricultural materials processing, construction techniques and materials storage.

European Community Aid

Under the Lomé Convention signed in February 1975 (see pp 51-3, 1975), Britain became a contributor to the enlarged Community's main aid provision, now made to 52 developing countries in Africa, the Pacific and the Caribbean (known as the ACP countries). These 52 countries are eligible for financial assistance from a Community European Development Fund of some £2,000 million over the five-year term of the convention. This includes expenditure on a scheme (known as 'Stabex') to stabilise the commodity export earnings of ACP countries. In addition, the Community's European Investment Bank is authorised to lend a further £200 million on preferential terms for development projects in the ACP countries.

As a member of the Community, Britain also participated in the work of the Conference on International Economic Co-operation (CIEC: see pp 228-9), sometimes known as the North-South conference. In May 1977, for example, during Britain's presidency of the Community's Council of Ministers, the Community agreed to press within the CIEC for the establishment, with the other western industrialised nations participating in the conference, of a special aid fund totalling $1,000 million to provide short-term financial relief to the world's poorest developing countries. This contribution, to which it is suggested the Community and the United States each provide 37·5 per cent of the total, will be considered as a special measure concerning the transfer of resources, and will be made in addition to normal bilateral and multilateral flows. The Community has also announced its support for the setting up of a common fund for an integrated commodity programme and has said that, where appropriate, there should be price stabilisation agreements. In addition, the Community has also agreed to a study of measures to stabilise the export earnings of developing countries.

Most recently the Community has decided to increase its assistance to non-associated countries. At a meeting of the Council of Development Ministers in Luxembourg in June, agreement was reached in principle to the release of the 45 million units of account for the non-associated countries included in the budget for the current year, and on the general lines of the guidance to be given for the expenditure of this money, including the stipulation that the funds will be distributed to Asia and Latin America in the ratio of three to one.

Aid Terms

According to a review of Britain's overseas aid efforts and policies, undertaken in June by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development, the financial terms of Britain's offical development assistance are currently considered to be among the most concessional of member nations of the DAC. The committee noted that in 1976 Britain achieved its aim of allocating to the poorest countries a share of bilateral official development assistance proportionate to their share of the population of all developing countries.

SECTORAL DEVELOPMENTS

Agricultural and Rural Development

As already noted, one of the major objectives of Britain's aid policy is the promotion of rural develop-

[1]Overseas Development Paper No 8. *Appropriate Technology: Report by the Ministry of Overseas Development Working Party*. HMSO, 1977.

ment, central to which is increased food production and agricultural development. British assistance in this field includes support for integrated rural development projects such as the scheme in South Darfur Province, Sudan, to which Britain has contributed about £1·8 million, the long-term aim of the project being to restructure and develop the agriculture of an area covering 27,000 sq km with a population of 135,000. Support is also being given by the ODM, in association with the World Bank Group, to two integrated rural development projects in West Africa: one is in The Gambia, aimed at increasing cereal and cash crop production and livestock husbandry (£2·5 million); the other is in Ghana, for increasing agricultural production and farm incomes over the whole of the Upper Region of the country (£6·5 million).

In recent months support has been extended to many projects for improving the quality and quantity of both food and cash commodities. These have included finance for an oil palm project in Papua New Guinea (£8 million); for two cotton spinning mills in Bangladesh aimed at using a cheaper and more reliable supply of yarn for local village hand loom weaving (£7·4 million); a grant for the construction of additional storage for the bag-stacking of maize in Kenya (£1·3 million); and the provision of a team of experts to investigate the development of rice-growing in Southern Tanzania.

Recent British contributions to international co-operation in agricultural aid have been a grant of £18 million to the newly-formed International Fund for Agricultural Development (a specialised agency of the United Nations), the main purpose of which is to finance food production projects in the developing countries. Further British support in this sector includes a grant of £2 million to assist the work of the internationally-run network of 12 agricultural research centres situated in the developing world and supported through the Consultative Group on International Agricultural Research. In addition a considerable number of British scientists are employed on the research and training programmes of these institutes.

Fish provides an important source of protein in many tropical countries and in recognition of the contribution which improved fish-farming techniques can make towards self-sufficiency in food supplies in the developing countries, Britain is currently supporting 11 fish-farming projects in the developing world. During the last year British experts have advised on the handling, processing and distribution of fish in Sierra Leone and The Gambia, and on methods of improving the facilities for fishing vessels in El Salvador. In July 1976 the ODM held a five-day conference on the handling, processing and marketing of tropical fish from the developing world. The first of its kind, this conference was attended by 200 delegates from 60 countries.

Further British assistance to rural development has been made in the form of finance for road construction. In Nepal, for example, where an effective road network is essential before economic growth can take place, Britain is to make a grant of £15·4 million to assist the construction of a 50-km all-weather road to run from Dharan, a market town in the eastern lowlands, to Dhankuta, a regional centre in the hills to the north. In Lesotho, £900,000 has been provided to improve and reconstruct a 147-km mountain road running through the eastern highlands. On completion, both these projects will open up rural areas for much needed new agricultural and other development.

Another important contribution to Britain's aid effort for agricultural development is provided through the work of the Tropical Products Institute (TPI), one of ODM's scientific units. TPI helps developing countries derive greater benefit from their natural resources, mainly their animal and plant products, by providing information and advice on all aspects of post-harvest problems, including the provision of expert staff for work abroad, by training workers from overseas and by conducting short- and long-term research. During the last year advisory visits by experts from TPI have been made in connection with the production of essential oils in Kenya, Tanzania and Paraguay; sheep product marketing in Colombia; improvements in cocoa bean production in Malaysia; grain storage in Indonesia; and the handling and marketing of pineapples in Bangladesh. The practice undertaken by TPI of training workers from overseas has recently been extended to include the assignment of TPI staff to direct or assist the training of students in overseas territories. In the past year, for example, the institute has organised courses in grain storage in Ethiopia, fish processing in Indonesia and, in association with the Food and Agriculture Organisation (FAO), pest control problems in Tanzania.

Equally important assistance to overseas agricultural and rural development is made by another of ODM's technical units – the Centre for Overseas Pest Research (COPR), whose main objectives are to develop safe, economic and efficient techniques of controlling insect and animal pests affecting overseas agriculture and public health. In 1975[1] COPR staff were involved in pest control in 29 countries, including locust and grasshopper control projects in Mali, Nigeria and Thailand; termite research in Ghana and Nigeria; sweet potato weevil control in Antigua and Puerto Rico; rodent research in northern Mexico; cotton spraying in Swaziland; and pesticide application research in Thailand. Disease control projects undertaken by COPR included work on schistosomiasis in Ethiopia and The Gambia; on river blindness in the Volta Basin of West Africa; and on sleeping sickness in Botswana. During the same year, COPR continued to co-operate with all the major United Nations agencies operating in the field of pest control.

Water Resources

Britain has for many years recognised the importance of water as a factor in development – agriculture, industry and society itself depend on well-regulated supplies – and help for water-related development, which runs at well over £10 million each year, forms an important part of the aid programme. A considerable amount of capital aid expenditure in this sector goes towards projects providing water for drinking and for irrigation, and in line with Britain's general aid strategy, this aid is being increasingly directed towards the poorest sections

[1]See *Centre for Overseas Pest Research: Report for January-December 1975*. HMSO, £2·75. ISBN 0 85135 852 2.

of the community. Recent aid for irrigation schemes includes a grant of £3·8 million to Sri Lanka to assist the modernisation of the island's traditional tank irrigation and drainage system – a five-year project which will benefit about 10,500 families on small farms in the dry north-east zone of the country, whose incomes are 20 per cent below the national average. A loan of £2·5 million has been made to Thailand for a project involving the sinking of over 100 tube wells with British-supplied well and pumping equipment to produce a comprehensive groundwater development system which will provide the basis for an agricultural improvement programme.

A further recent aid commitment has been the contribution of £10 million to help finance the construction of a multipurpose reservoir dam on the Upper Tana river, the largest river in Kenya with a catchment area of nearly 100,000 sq km containing 20 per cent of the country's population. The project is the key to considerable agricultural development in the river basin and will enable power production to be increased and thus reduce reliance on imported fuel oil.

Further British assistance is supplied through the provision of experts in water management to fill posts in Government departments in developing countries. Recent appointments include a team recruited for a period of three years to assist the Central Region Rural Water Supplies Project in Ethiopia in identifying and designing new rural development works. In Mauritius, Britain has provided a deputy general manager, a financial adviser and four engineers for the Central Water Authority. In Jordan, two British experts are working with the Amman Water and Sewerage Authority and two others with the Water Supply Corporation, while in Botswana, British experts are at post in the Department of Water Affairs.

Maps and Surveys

Mapping is a basic necessity for all planning and national development programmes and British assistance in this work is channelled mainly through the Directorate of Overseas Surveys (DOS), a technical unit of the ODM. Since its establishment in 1946, the DOS has mapped some 5,451,600 sq km (2,104,100 sq miles) of country, of which 967,100 sq km (374,200 sq miles) have been mapped either to incorporate the results of development or to meet the specific requirements of new projects. In 1975-76, the period covered by the directorate's latest annual report,[1] land surveys and mapping projects, undertaken in support of a wide variety of schemes, were carried out in 52 developing countries. In addition, trainees from 14 overseas countries undertook courses at the directorate's headquarters in Britain to learn modern methods of making maps, while DOS staff were seconded to senior posts in a number of countries including Antigua, Belize, Botswana, Ethiopia, Malawi, Sri Lanka, the Yemen Arab Republic and Zambia.

A major project currently in progress is the mapping of the Middle Tana area of Kenya, a project which has high priority because the United Nations Environment Programme is sponsoring a study of the environmental impact of the reservoir now under construction (see above); and in the Yemen Arab Republic, work began on the joint British-Yemen Arab Republic project which is to produce the first accurate 1 : 50,000 contoured mapping of the south-west quadrant of the country, including the capital and major populated areas. In the Seychelles, the DOS carried out a survey on a number of far-flung island groups to assist the development of communications, tourism, agriculture and fisheries. The most important assistance given by the DOS to countries in the Caribbean and Central and South America was in the surveys and mapping undertaken to support current and future schemes of land adjudication and registration. New and revised tourist maps in support of the local tourist industry were produced for Antigua, Barbados, Dominica, and St Christopher-Nevis.

In the Far East and Pacific, the first series of contoured maps of the Kingdom of Tonga were nearly completed, while both topographical and thematic maps were published of parts of the Solomon Islands, and new and revised topographical mapping was prepared for Fiji and for Malaysia. The topographical mapping of the island groups was requested mainly to help the planning of communications, the improvement of agriculture, rural development and local fishing.

Geological Surveys

In the equally important field of geological mapping and investigation, assistance similar to that of the DOS is provided through the overseas division of the Institute of Geological Sciences (IGS). The principal function of the overseas division, which is financed mainly by ODM, is to assist the developing countries in assessing and developing their natural resources with particular emphasis on minerals, groundwater and energy. In 1975, according to the institute's latest annual report,[1] staff of the division undertook work in 28 countries: 25 officers were seconded under the Overseas Service Aid Scheme to seven Commonwealth countries; another 14 officers were on long-term assignments in Ecuador, Indonesia, Iran, Kenya, Korea and the Yemen Arab Republic; and 36 officers carried out short-term advisory visits to 17 countries. The short-term assignments included an investigation of geothermal energy resources in St Lucia, a study of coalfields in Korea, and consultancies in fertiliser raw materials in Pakistan, Syria and Egypt.

The recent trend in the institute's work of undertaking large programmes involving teams of British experts to carry out regional surveys in association with teams of local counterpart staff continued in 1975. These programmes included a survey and mineral exploration of the Precambrian area of eastern Bolivia and the geological mapping of the western islands of the Solomon Islands group.

Technical and Related Education

Within Britain's technical co-operation programme, particular emphasis is placed on aid for technical education, industrial training, management develop-

[1] *Directorate of Overseas Surveys. Annual Report for the year ended 31 March 1976.* HMSO, £3·50. ISBN 0 11 580207 X.

[1] *Institute of Geological Sciences: Annual Report for 1975.* £3·60. ISBN 0 85272 057 2.

ment, and agricultural education and training in the developing world. The main source of advice to the ODM on such assistance is the Technical Education and Training Organisation for Overseas Countries (TETOC), one of ODM's specialist agencies, professionally concerned with identifying the needs of overseas countries and enlisting resources in Britain to meet those needs. The organisation's specialist staff is recruited from commerce, industry and the polytechnics, with a wide range of engineering, marketing and personnel skills.

In Britain during 1975-76,[1] TETOC's industrial training officers arranged 1,520 practical attachments for overseas trainees within British industry; its technical teachers' training staff organised the training of 118 overseas students; 53 visits by experts from 20 overseas countries to Britain were arranged by TETOC support staff; while its recruiters arranged 131 appointments for technical teachers in the Third World.

During the year, TETOC staff overseas carried out industrial training in 12 countries, management development in eight countries, and technical education assignments in 14 countries. The technical teachers training group undertook staff development courses in Ghana, Lesotho, Malawi and Nigeria, in India and Indonesia, and in El Salvador. Industrial training activities overseas continued to focus on industry-orientated aid projects in Latin America, Syria, Africa and in India, reflecting the training components of aid projects in the shipbuilding, coalmining and electricity generating industries. Technical education activities, concentrated on Africa, the Middle East, the South Asian subcontinent and Hong Kong, were increasingly directed at the middle and lower levels, seen by overseas Governments as essential to rural and urban development alike.

In addition TETOC engaged other British specialists to carry out 52 overseas assignments which either derived from or were associated with work undertaken by its own staff. These included, for example, the provision of advice on the educational and institutional aspects of the proposed Central American Animal Husbandry Institute in Costa Rica; advice on policy for small businesses in East Java, Indonesia; assistance in preparing a manpower training plan for the hotel industry in the Cayman Islands; and the provision of training for staff in setting up technical and commercial examinations in Ghana. During the year, TETOC recruited 131 specialists for technical teaching posts in Hong Kong (37), Kenya (24), Brunei (12), Solomon Islands (7), Malawi (7), Fiji (7), Jamaica (6) and 12 other countries.

Training Programmes

Each year Britain arranges courses in a wide variety of administrative and technical subjects in response to requests from the Governments of developing countries. Recent examples include courses on advanced training techniques in personnel management at the Royal Institute of Public Administration, London; on the principles of taxation at the Board of Inland Revenue; on labour administration at the Department of Employment; on the principles and practice of meat canning at the Tropical Products Institute of the ODM; and on the testing and evaluation of road-making materials at the Transport and Road Research Laboratory of the Department of the Environment.

As a result of increasing demands from overseas geological survey departments for photogeological training courses, the photogeological unit of the overseas division of the IGS has recently instituted a new three-month course to be held annually for foreign geologists.

In general such courses are designed to provide the type of training likely to contribute to the economic and social development within a reasonable time of the countries concerned and in particular, to include courses planned to qualify the participants for positions of greater responsibility, increase their efficiency or enable them to train others. Wherever appropriate, therefore, such courses are concentrated at postgraduate level.

Research and Development

Research and development work constitutes an important element in Britain's aid to developing countries. In 1975 total expenditure on the research and development programme amounted to £9,500,000, while the cost in 1976 was estimated at £12,214,000. The programme, which again is designed to promote the greater well-being of the poorest people in the poorest countries of the developing world,[1] seeks practical solutions to agricultural, animal husbandry, health, ecology, pest control and many other problems of the Third World.

Expenditure in the research and development programme has four main components: support for research projects carried out on a contract basis by individuals or teams, usually based on universities or similar institutions; support for scientific establishments in Britain helping developing countries; support to international centres which undertake research tied to specific problems in developing countries; and support as part of Britain's bilateral aid to particular countries.

To qualify for ODM assistance, research projects have to satisfy two basic criteria: they must be directed towards gathering new knowledge or developing new techniques directly related to the needs of developing countries; and the knowledge or techniques concerned should be capable of practical application within a reasonably limited period. In addition, special priority is given to research and development of direct relevance to the attack on individual poverty – and in particular rural poverty – in the developing countries.

Support for agricultural research accounted for the largest part of the expenditure under the first component of the research and development programme (£5 million). Some 70 agricultural projects were financed, mainly overseas, at a cost of £1,387,000. Among the projects completed in Britain and overseas in 1976, potato research in

[1]See *Technical Education and Training Organisation for Overseas Countries. Annual Report, 1975-76.* TETOC, 35-7 Grosvenor Gardens, London SW1W 0BS.

[1]Work aided in this way was the subject of a report published by the ODM in 1976: *Report on Research and Development 1976.* HMSO, £1·60. ISBN 0 11 580206 1.

Kenya helped to establish a national breeding programme which produced blight-resistant varieties adapted to local conditions; a completely revised oil-palm breeding, physiology and agronomy programme was drawn up for Nigeria; and in Southern Africa, a large-scale study was undertaken of the problems associated with dryland farming.

In the field of animal husbandry and livestock production, some 60 projects, at a cost of £416,000, were supported. These included research into foot and mouth disease, rinderpest, contagious bovine pleuro-pneumonia, brucellosis and trypanosomiasis. In forestry research, for which £163,000 was provided, work aided included an investigation into forest-fire control in Costa Rica, and into the genetic improvement of pine trees in East Africa. Research into fisheries, costing some £390,000, included two projects – one on freshwater fish, based in Malawi, and the other, on marine fish, in the Seychelles – aimed at establishing fundamental standards for the handling, preservation and processing of tropical fish.

Research projects into medicine and health supported in 1975-76 numbered 46 at a cost of £1,068,000. They were mainly concerned with parasitic diseases – notably malaria, schistosomiasis and filariasis – while others related to conditions such as measles and diarrhoea. Other projects reflected the importance of the 'community health' approach and, in particular, studies in population control (£57,000) and the improvement of nutrition (£5,000).

Of the economic and social research funded by the CDM – about 40 projects costing £443,000 – some 55 per cent were essentially rural and 70 per cent were 'poverty focused'. Examples include a comprehensive review of agricultural mechanisation studies in low income countries in South Asia and an investigation into national funding agencies and low income housing in Sao Paulo, Brazil.

Offshore Oil and Gas and the British Economy

Latest official estimates indicate the large potential benefit to Britain's economy in the next few years as a result of offshore oil production, both in terms of the effects on the balance of payments and of the income generated.

ESTIMATES

The estimates are contained in an article in the August 1977 issue of the Treasury's *Economic Progress Report*.[1] The article considers how the benefit of North Sea oil to Britain might be quantified, updates estimates of the potential effect on the balance of payments given in the July 1976 issue, and provides forecasts of income arising from offshore oil and gas production and of capital and current expenditure within this sector.

Balance of Payments

Offshore oil production is now bringing for the first time 'a very significant benefit' to the British economy and the article notes that this is already having an effect on the trade figures. In the first half of 1977 offshore oil production was about 17 million tonnes, compared with 11·5 million tonnes in the whole of 1976, and the visible trade deficit in oil was about £270 million a month, as against £340 million a month in the second half of 1976. Estimates of the potential balance of payments effects of the oil programme have been compiled, based on forecasts of oil production, costs and investment, and the figures in Table 1 give an indication of the extent to which oil production might strengthen the balance of payments. The article points out that the estimates, particularly those for 1985, are subject to quite a wide margin of error. Figures have been estimated on the basis that the exchange rate and unemployment in Britain would be the same either with the oil or without it and that the total demand in Britain for oil would be unaffected by North Sea production. They show the potential effect of the oil on the balance of payments if the whole benefit were taken in this way, rather than through a higher exchange rate or lower unemployment. The general picture is much the same as that shown by the previous forecasts, with the potential benefit estimated to rise from about £2·1 billion[1] in 1977 to £4·9 billion in 1980 (both at 1976 prices), roughly in line with the growth in oil production. Although oil production would be rising at a slower rate by 1985, the potential benefit is expected to continue to grow strongly, reaching some £7·5 billion in 1985, partly because the share of imports in the costs of development and production is expected to fall.

Income from Offshore Oil and Gas Production

Income from offshore oil and gas production is forecast to rise from £0·7 billion in 1976 to £4 billion in 1980 and to some £5·5 billion in 1985 (see Table 2), all in terms of 1976 prices. Some of the income is in the form of profits of British companies and the trading surpluses of public corporations (the British Gas Corporation and the British National Oil Corporation), some in tax and royalty paid to the Government by the oil companies and a relatively small amount in income from employment. Government receipts from royalties and taxation, which are included in the gross national product figures in Table 2, are forecast to rise from about £5 billion for the five years from 1976 to 1980 to about £3·5 billion a year by the mid-1980s, both at 1976 prices. The figures are rather lower than those given in *Development of the Oil and Gas Resources of the United Kingdom 1977*

[1]Available free from Circulation Section (H), Central Office of Information, Hercules Road, London SE1 7DU.

[1]£1 billion = £1,000 million.

(see p 197) because of changes in the economic assumptions underlying the calculations.

Capital Expenditure

Capital expenditure in connection with oil and gas production has built up in the 1970s to about £2 billion a year. However, capital expenditure for gas production reached a peak in 1975 and is unlikely to be at such a high level in the rest of the decade, while oil investment will remain very high for some years, but will also fall eventually. Accordingly estimates of capital expenditure in 1976 prices indicate a fall from £1·7 billion in 1977 to £1·5 billion in 1980 and to £0·4 billion in 1985.

Table 1
Potential Balance of Payments Effects of Britain's North Sea Oil Programme

£ billion at 1976 prices

	1976	1977	1978	1980	1985
Oil exports or imports saved (including insurance and freight)	0·7	2·3	3·4	5·5	6·7
Imports of goods and services for North Sea programme	—1·3	—1·0	—0·9	—0·9	—0·5
Imports or exports displaced by North Sea oil programme	0·5	0·5	0·5	0·7	1·0
Interest, profits and dividends due overseas	—	—0·5	—0·7	—1·6	—1·1
Net interest on official assets or liabilities	0·1	0·1	0·3	0·6	1·5
Net effect on current account	—0·1	1·4	2·7	4·3	7·6
Net effect on capital account	1·0	0·7	0·7	0·7	—0·1
Net effect on the balance of payments	0·9	2·1	3·4	4·9	7·5

Note: Sums of the component parts may differ from the totals because of rounding.

Table 2
Income from Oil and Gas Production

£ billion at 1976 prices

	1976	1977	1978	1980	1985
Employment income	—	0·1	0·1	0·1	0·2
Royalties plus profits before tax	0·8	2·4	3·5	5·6	6·5
of which interest, profits and dividends due abroad	*0·1*	*0·6*	*0·8*	*1·7*	*1·2*
Gross national product at market prices arising within the offshore oil and gas sector	0·7	1·9	2·6	4·0	5·5

Note: The GNP figure is obtained by adding the figures for employment income and royalties plus profits before tax and subtracting interest, profits and dividends due abroad. Sums of the component parts may differ from the totals because of rounding.

British Airways and Airports

In 1976-77 British Airways achieved higher rates of growth of revenue and traffic than most other airlines, while there was a substantial improvement in its financial results and the targets set at the beginning of the year were exceeded. A major reorganisation of the airline's structure was completed in April 1977. Passenger traffic through the seven airports controlled by the British Airports Authority (BAA) increased by almost 10 per cent in 1976-77, compared with 6·7 per cent in 1975-76, while the authority's financial performance was substantially better than in the preceding year. Large-scale investment in airport terminal facilities continued and new terminals were opened in mid-1977 at Aberdeen and Edinburgh.

BRITISH AIRWAYS

Financial Results

British Airways' turnover rose by £332 million to £1,248 million in 1976-77, of which revenue from airline traffic accounted for £1,074 million, according to its report and accounts published on 28 July.[1] Overseas earnings totalled £670 million, 54 per cent of total revenue. The operating profit was £107·6 million, compared with £10·1 million in the previous year, and all the three airline divisions achieved operating surpluses. Although the rate of return on average net assets rose from 1·7 per cent in 1975-76 to 16·4 per cent in 1976-77, the two-year average (9·5 per cent) was below the

[1] *British Airways. Annual Report and Accounts 1976-77.* British Airways. HMSO, £1·25. ISBN 0 900031 10 7.

airline's current target, set by the Secretary of State for Trade, of 11 per cent a year for the four years 1975-76 to 1978-79. Net profits, after providing for interest payments, currency losses and taxation, amounted to £35·1 million, as against a net loss of £16·3 million in 1975-76. The Secretary of State agreed with British Airways' recommendation to pay the Government £11 million as a dividend on the airline's public dividend capital. Capital expenditure on fixed assets amounted to £161 million in 1976-77, mostly on new aircraft, and 94 per cent was financed internally, compared with 55 per cent in 1975-76.

Airline Services

Passengers carried on scheduled services rose by 5 per cent to 14·5 million in 1976-77 when British Airways operated services to 149 destinations in nearly 80 countries. The Middle East remained the fastest growing market, and additional freight services and higher capacity passenger aircraft were provided on some routes. Transatlantic services to the United States and Canada had a 'most successful' year and passengers rose by 14 per cent to a record 1·6 million, with load factors increasing from 60 to 65 per cent. As a result of the new agreement on air services between Britain and the United States (see p 276), British Airways is expecting, if the necessary licences can be secured, to start services to San Francisco, Seattle and Dallas/Fort Worth. Passenger traffic to many areas in the rest of Europe showed encouraging growth, although holiday traffic to southern Europe recorded a sharp decline. British Airways secured a substantial share of the increased tourist traffic to Britain, particularly from Scandinavia, Switzerland and the Federal Republic of Germany, following a concentrated marketing effort. The airline's computerised reservations system was extended, so that by March 1977 offices in 82 cities throughout the world were linked to the system.

By 30 June 1977 some 28,000 passengers had travelled on British Airways' *Concorde* services, and on the route between London and Washington an average of 86·4 per cent of available seats had been filled. The report notes that 'there is clear evidence that *Concorde* is attracting custom from competitive airlines and that passengers are deliberately travelling via Washington or London in order to take advantage of supersonic travel'. However, *Concorde* recorded an operating loss of £8·5 million in 1976-77, mainly because of its low level of utilisation averaging about one hour a day; the report points out that if it could have been used for 7·5 hours a day as was originally intended, *Concorde* would have achieved an operating surplus.

The second 'shuttle' service (providing a guaranteed seat with no advance booking), between London and Edinburgh, attracted substantial additional traffic, and on this route and the London-Glasgow route the introduction of the shuttle service turned losses into profits. A third shuttle service, between London and Belfast, is now operating and discussions are in progress for similar services to some important destinations on the continent of Europe.

In March 1977 British Airways had a fleet of 172 aircraft and 18 helicopters, while a further 15 aircraft (including 6 *Boeing 747s* and 6 *TriStar 500s*) and 7 helicopters were on order, the extra helicopters being required mainly as a result of the growth in activities supporting North Sea oil and gas exploration and development.

Reorganisation

A major management reorganisation, aimed at creating a more unified airline structure, was initiated during the year and the new structure became fully effective on 1 April 1977, the necessary consent having been obtained from the Secretary of State for Trade in November 1976. The three airline divisions (European, Overseas and Regional) have been eliminated and replaced by single departments for commercial operations, flight operations, engineering and planning. The basic feature of the commercial operations department is a structure of 'routes groups', each responsible for the representation of British Airways and the development of the passenger, cargo and mail traffic in its territory. (For more details of the reorganisation, see COI short note, *British Airways*, SN5969.)

BRITISH AIRPORTS AUTHORITY

Operations

The report of the British Airports Authority for 1976-77[1] notes that the financial results were considerably affected by a revaluation of fixed assets and, accordingly, comparisons with previous years are difficult to make. Income in 1976-77 rose by 33 per cent to £103·2 million and the BAA's trading profit was £17·2 million, compared with £16·8 million in 1975-76, but if the assets had not been revalued the profit for 1976-77 would have been £31·4 million. Trading profits of £23·9 million were recorded on commercial operations (trading concessions, rents and services), although there was a loss of £6·7 million on traffic operations. After interest payments, the BAA had a pre-tax profit of £14·4 million, but after tax payments of £15·2 million, there was a net loss of £0·8 million.

In 1976-77 the BAA's airports handled 34·9 million passengers including 20·7 million on international scheduled services (9·9 per cent higher than in 1975-76), 6·2 million on international charter flights (12·8 per cent higher) and 7·2 million on internal flights (7·8 per cent higher). The increase in traffic was largely as a result of the growing popularity of Britain for tourists following the fall in the value of the pound and overseas visitors now account for nearly half the traffic at the three airports in south-east England. All the BAA's airports, except Glasgow, handled more passengers, with Heathrow (the world's fourth busiest airport after Chicago O'Hare, Atlanta and Los Angeles) handling 24·1 million terminal and transit passengers, Gatwick 5·9 million, Glasgow 2 million, Edinburgh 1·1 million, Aberdeen 882,000, Prestwick 650,000 and Stansted 297,000. Cargo traffic recovered after

[1]*British Airports Authority. Annual Report and Accounts 1976-77.* BAA. HMSO, £1. ISBN 0 903460 14 9.

two bad years to the level of 1973-74, with the improvement being mainly on long-haul routes. Of the 568,000 tonnes handled at the BAA's airports in 1976-77, some 424,000 tonnes were handled at Heathrow which became Britain's leading port in terms of value, overtaking the maritime Port of London. Although passenger and cargo traffic increased, the number of aircraft movements, including those concerned with training and general aviation, rose by only 0·4 per cent to 698,000 in 1976-77. Wide-bodied aircraft are being used with greater frequency, especially at Heathrow, and are beginning to operate on short-haul as well as long-haul services.

Developments

The BAA spent £42 million in 1976-77 on airport improvement, and in the next five years expects to invest £225 million at 1977 prices. Work continued on developing Heathrow's three terminals, so that eventually they will be able to handle a total of about 30 million passengers a year. Detailed planning and design work began on a project for a fourth terminal which would increase the airport's capacity by some 25 per cent.[1] The £100 million redevelopment scheme at Gatwick will be virtually completed in 1977-78 when the central pier and the modernisation of the departure building are finished, although limited improvement work will continue until 1980-81. Gatwick's new cargo terminal, which will eventually have an annual capacity of 500,000 tonnes, handled its first freight in May 1977. At Edinburgh the new £10 million terminal was brought into use in May 1977, while the runway opened in April 1976 (see p 364, 1976) enabled the airport to offer greater reliability to airlines, almost eliminating the possibility of diversions to other airports. Major improvements at Aberdeen airport were in progress throughout 1976-77 to cope with the continued growth of traffic and the new £8 million terminal was officially opened in June 1977.

The Post Office

ANNUAL REPORT

For the second successive year the Post Office achieved a considerable improvement in its financial results. The difference between income and expenditure rose from £14·79 million in 1975-76 to £392·3 million in 1976-77. Notable features of the year were price stability, improved quality of postal and telephone services, manpower savings, and an agreement for an experiment in industrial democracy affecting the composition of the Post Office's board.

[1]The Secretary of State for the Environment announced on 29 July that he intended to 'call in' any planning applications for a fourth terminal and to arrange for a public inquiry into the project.

Financial Results

According to its report and accounts for the year ended 31 March 1977, published on 27 July,[1] the Post Office's income rose by £600·3 million in 1976-77 to £3,806 million, while expenditure amounted to £3,413·7 million. Its profit was £291·3 million after making provision for the elimination, through rebates to telephone subscribers during 1977-78, of £101 million profit above the Price Code reference level (see p 171, 1973). All the main businesses operated profitably; there were profits of £264·4 million on telecommunications, £24·3 million on posts, £1·5 million on data processing and £1·1 million on Giro and remittance services. The postal services' profit was its first for nine years, and it is one of the few postal services in the developed world to be operating profitably.[2] Savings made in the Post Office's staff were worth £57 million, and the number of staff at March 1977 was 407,400 (including 228,100 in telecommunications and 171,000 in posts), some 13,300 fewer than a year earlier.

Structure

A provisional agreement was reached by a joint group representing the Post Office and the Council of Post Office Unions for a two-year experiment in industrial democracy involving direct participation by staff nominees in high-level decision-taking. The proposals, as amended by the Government, envisage a larger board consisting of up to seven management members, an equal number nominated by Post Office unions, and five independent outside members of whom two would be experienced in consumer affairs. The Post Office Act 1977 provides for the increase in the board's size. The study group is also developing proposals for increasing staff participation at regional and local levels of management.

Telecommunications

Some 1·42 million new business or residential lines were installed in 1976-77 and by March 1977 there were nearly 14 million working lines and over 22 million telephones in use in Britain. Telephone traffic increased at a higher rate than in 1975-76, with local calls rising by 3·4 per cent to 14,200 million in 1976-77, trunk calls by 4·2 per cent to 2,456 million and international calls by 22 per cent to 114 million. Subscriber trunk dialling (STD) was expanded and improved, with 95·7 per cent of trunk calls in 1976-77 being directly dialled. A further decrease in equipment faults occurred, so that equipment was satisfactory for 96·7 per cent of STD calls and 98·6 per cent of local automatic calls. Britain's last manual telephone exchange was closed, while further *TXE2* electronic exchanges were installed, bringing the number in service by March

[1] *Post Office. Report and Accounts 1976-77.* HMSO, £2. ISBN 0 11 886001 1.

[2]The report of the Carter Committee (see p 354) noted that few, if any countries, had a better postal service than Britain, and postal rates were below those of many other developed countries.

1977 to nearly 800. International direct dialling facilities were extended, giving customers direct access to about 330 million telephones in 57 countries by July 1977. Developments in services included the wider use of push-button keyphones, the introduction of a 'radiopaging' service (which allows a person carrying a tiny radio receiver to be contacted over a wide area) in Greater London and the extension of the radiophone service, while plans were made for a market trial starting in 1978 of the 'Viewdata' service, a telephone service providing a wide range of information which can be displayed on a television screen.

Telex traffic increased and the telex network in Britain expanded by 9·6 per cent to 64,800 connections by March 1977. The number of data transmission terminals rose by 16·8 per cent to 43,100 in March 1977. Data transmission services showed 'encouraging progress', with the start of an experimental packet switched service and the virtual completion of the development of a Datel service operating at 4,800 bits a second.

Of the Post Office's research and development expenditure of £51·5 million in 1976-77, some £50 million was spent on telecommunications including £34·7 million on new systems, notably 'System X'. Initial studies for the first trunk and local applications of this advanced switching system were completed and large-scale development was begun.

Posts

Correspondence posted fell by 4·5 per cent to 9,458 million items, although overseas airmail traffic rose by 10·2 per cent to 528 million items. Delivery standards of first-class letters were improved, with nearly 93 per cent being delivered on the first working day after collection. Important progress was made on the mechanisation of letter sorting; 19 large offices are equipped with automatic coding and sorting machinery. Advanced machines, which can sort up to 16,000 letters an hour through the use of postcodes, have been ordered for ten more offices for delivery in 1977-78.

Giro

Giro's profit of £2·1 million represented a return of 15·2 per cent on public dividend capital plus retained profit, as against the target set by the Government of 12·5 per cent a year for the three years 1975-76 to 1977-78. A dividend (including advance corporation tax) of £2 million was declared for 1976-77. The number of Giro transactions rose by 17 per cent to 228 million in 1976-77 mainly as a result of a 50 per cent increase in corporate sector deposits, a 15 per cent rise in the rent collection service and an increase of 42,000 (to 559,000) in the number of personal accounts reflecting the improved range of banking services offered.

REVIEW OF THE POST OFFICE

The division of the Post Office into two new authorities, one broadly comprising posts and the other telecommunications services, and the establishment of a council to advise the Secretary of State for Industry on postal and telecommunications affairs, are among the main recommendations of the report of the Post Office Review Committee under the chairmanship of Mr Charles Carter (Vice-Chancellor of Lancaster University), published on 20 July.[1] Mr Gerald Kaufman, Minister of State at the Department of Industry, said in the House of Commons on 20 July (*Hansard*, written answers, col 548) that the report raised important issues affecting the future of the Post Office and the Government would study the report very carefully before decisions were taken. It was proposed to publish the Government's conclusions in a White Paper after comments had been received and appropriate consultations had taken place.

The two new authorities proposed are the 'Post Office' comprising the existing postal operations and including Giro and remittance services as a subsidiary business with separate accounts, and the 'Telecommunications Authority' covering the existing telecommunications business plus data processing. The report notes that the current businesses are fundamentally different: postal services are labour-intensive with a low demand for capital investment and a static or declining volume of traffic; and telecommunications are capital-intensive with services being expanded and demand increasing. Their efficient operation depends on different factors, with the key factor in posts being the efficiency of the use of labour, and in telecommunications efficiency in the use of expensive capital as well as of labour. The committee believes that these considerations strongly indicate that executive control of the two businesses should be separated, and it says that the overloading of the present board has inhibited sound strategic thinking.

The report suggests the setting up of a Council on Post Office and Telecommunications Affairs 'with the obligation, composition and resources to enable it to give strong and well-informed advice to the Secretary of State'. It says that the council should comprise an independent chairman, the chairman and one other representative of the Post Office Users' National Council (which would become part of the new council), and about six independent members. The new authorities (and, in the interim, the present Post Office businesses) should be required to submit annually to the council and the Secretary of State their operating plans and budgets for the coming year, and their long-term plans and strategies and capital investment proposals. Comments and advice should then be submitted by the council to the Secretary of State who would be obliged to respond or comment to the authorities. As the division of the Post Office would require legislation and substantial preparation, the report recommends that the council should be established immediately as a standing departmental advisory committee.

The report also contains a wide range of proposals for improving the efficiency of the Post Office's operations.

[1] *Report of the Post Office Review Committee*. Cmnd 6850. HMSO, £2·35. ISBN 0 10 168500 9.

Research and Development Requirements Boards' Reports

The Research and Development Requirements Boards of the Department of Industry have recorded some important technological achievements during 1976-77 which are thought likely to improve the competitiveness of British industry and benefit the country's balance of payments. During the past year the boards have been more closely concerned with the practical application of technology. They have emphasised the need not only for new technologies but also for better exploitation of existing technologies. In determining priorities for industrial research and development (R & D) the boards have collaborated with the sector working parties of the National Economic Development Office involved in the Government's industrial strategy programme.

The reports of the R & D Requirements Boards[1] were published on 3 August. The boards have been operating for about four years, spending between them some £50 million a year. They function under the customer-contractor principle set out in the White Paper, *Framework for Government Research and Development* (Cmnd 5046: see p 342, 1972). As proxy customers, they sponsor research to be carried out by contractors (the department's research establishments, the research councils, industrial research associations and other bodies) and help to determine the objectives and balance of R & D funded by the Department of Industry. The boards take an active part in encouraging all technical aspects of their sectors, including the licensing-in of technology, the training of engineers to work in industry, and R & D for product design and development. Many industrial members serve on the boards and most boards are chaired by representatives from industry.

Seven main boards cover major fields of departmental industrial research work apart from aerospace. They are Chemicals and Minerals; Computers Systems and Electronics; Engineering Materials; Garment and Allied Industries; Mechanical Engineering and Machine Tools; Metrology and Standards; Ship and Marine Technology. In addition, the chief scientist of the Department of Industry chairs a board formed to deal with areas not covered by the other boards; there is also a Chief Scientist's (Electrical Technology) Requirements Board.

Activities and Achievements

The policy of the requirements boards is now to align their own R & D planning with the wider-ranging Government industrial strategy (see p 309). There is close liaison, for example, between the Computer Systems and Electronics Board and four of the tripartite sector working parties with which the board shares common fields of interest. The Mechanical Engineering and Machine Tools Board is making its experience and resources available to help the relevant sector working parties, which are examining each individual area of the industry and identifying needs and problems. Projects in direct support of the Government's strategic plans for manufacturing industry are being given priority by the board, as are projects likely to yield tangible rewards and adequate financial returns in the short or medium term; projects likely to improve British manufacturing performance in terms of international competitiveness, added value per employee and added value per unit of capital employed; and projects likely to lead to an improvement in Britain's visible balance of payments. The board is also prepared to support projects which have as their objective environmental or safety improvement or reduced consumption of energy and materials. The degree of support will, however, depend on the extent the project will help to improve the performance of the industry concerned.

Another aspect of the industrial strategy to receive the boards' support is the need to make better use of existing specialist knowledge and to devise means of transferring technology so that it can be more widely beneficial. Several of the boards are supporting projects of this kind. The Chemicals and Minerals Board is supporting a Paint Research Association project aimed at transferring existing knowledge on paints to industry. Another more novel example of technology transfer is a programme undertaken by the UK Atomic Energy Authority (UKAEA), monitored and controlled by a supervisory group from the board, which is intended to apply the UKAEA's expertise in heat transfer to the product development projects of selected companies. The board is also providing funds towards the setting up of a National Geochemical Data Bank which will bring together geochemical data from all sources. The data bank is to be made self-financing as soon as possible. Particular emphasis is being given by the Engineering Materials Board to technology transfer in the non-ferrous foundry sector and in the plastics and composite materials sector. The Garment and Allied Industries Board is actively seeking to ensure that existing technology is used to its full extent in the modernisation of the industries within its fields of interest. Projects are being funded at industrial research associations specifically to encourage the transfer of existing technology either from one part of the industry to another or from the acquired knowledge resources of the research organisations into the industry. Seminars are organised by the Ship and Marine Technology Board for the purpose of making the results of commissioned R & D widely known.

The work being undertaken on products-processing technology and other forms of industrial development as described in the boards' reports varies widely in character. The successful outcome of programmes funded by the boards may be measured by the extent of commercial exploitation, or by the achievement of technical results of value to industry, or by the use and value attached to a service by industry. Some of the work supported by the boards, including a number of potential successes, is summarised below.

A major success by the Chemicals and Minerals Board has been its work on *Fecralloy* steels, which resist oxidation at extreme temperatures. The steels were developed by the UKAEA and the private sector of the British steel industry and have now become commercially available. They have applica-

[1] *Research and Development Requirements Boards' Reports 1976-77.* Obtainable from Technology Library, Department of Industry, Abell House, John Islip Street, London SW1P 4LN.

tions in, for example, furnace windings and glass moulds, and they are now being examined by leading motor manufacturers throughout the world with a view to their commercial use in car exhaust emission control. The successful exploitation of the market for this product would result in very substantial financial returns to Britain.

During 1976-77, projects supported by the Computers, Systems and Electronics Board included programmes in advanced computer technology jointly funded with industry, standardisation of programming language, computer networks, interworking between dissimilar systems, speech recognition, man-computer interaction, document retrieval and radar meteorology. In the area of control and instruments, several successful developments in applying microprocessors to process control were undertaken with industrial partners. The board's aid for advanced instrumentation projects has covered products ranging from flowmeters to electron microscopes. Returns on investment during the year, in the form of a modest levy on sales of successful products, indicated that the scheme was generating an increasing volume of business for the instrumentation sector. Joint projects with manufacturing industry in microelectronics have helped in the development of special purpose microcircuits for particular customers or product sectors.

The programme of the Engineering Materials Board in non-ferrous metals covered such diverse topics as extrusion technology, fuel conservation, furnace technology, continuous casting, foundry technology and environmental matters. Increased funds were provided for the tableware industry, in order to improve further the performance of what is still a craft industry. The industry's products have high added-value and over half of overall production is exported. Advances were made in programmes aimed at developing new materials and engineering applications. The board agreed to assist British contractors to participate in the extended international (COST 50) programme on gas turbine materials.

The Garment and Allied Industries Board has turned its attention to the use of textiles in the engineering and construction industries to help the textile industry to diversify outside its traditional markets. It has continued to support work to improve performance, quality and styling of finished products.

Work funded by the Mechanical Engineering and Machine Tools Board on *Conform*, a new continuous extrusion forming process, has led to the process being licensed commercially and machines are currently undergoing user evaluation trials. Less than two years after a contract to produce computer-controlled water jet cutting machines for shoe manufacture, the machines have been installed in two shoe firms and worldwide interest has been shown by the footwear industry. Other applications, particularly in the automobile industry, are considered possible. The board's work on casting hot metal in moulds is also promising.

The Ship and Marine Technology Board's support of an unmanned submarine, *Consub*, for seabed surveying shows promise of success. The next generation vessel, *Consub 2*, began commercial operations in 1977 on general-purpose work including surveys and site investigations. In addition, important work was done on ship-handling equipment, including simulators for steering and navigational training – a ship simulator for night-time navigation was delivered in 1976 for use in training courses – ship safety and marine pollution (on behalf of the Department of Trade) and underwater technology.

The chief scientist's board has given particular attention to some of the low technology sectors of industry. Studies on the requirements of the furniture, printing and electrical industry were commissioned. The board has continued to support the development of advanced storage batteries primarily for application in electric vehicles. The results of the programme of co-operative research have so far been encouraging and although some technical problems remain it is hoped that a battery will be commercially available early in the 1980s. The board has worked with the Department of Energy to promote more efficient use of energy in industry, by arranging on-site visiting under the Energy Thrift Scheme and study of the pattern of fuel usage under the Energy Audit Scheme.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Creation of the DOE. A study of the merger of three Government departments to form the Department of the Environment. Written by Paul Draper, a former Director of Manpower Resources at the department, the account, which is No 4 in the Civil Service Studies Series, takes the story up to 1973. HMSO, £5.00. ISBN 0 11 630234 8.

Civil Service Statistics 1977. During 1976 the growth in the total number of civil servants virtually halted so that by January 1977 there were 746,161. [By April 1977 this figure had fallen to 745,600.] An analysis is given of the geographical distribution of civil servants, three-quarters of whom work outside Greater London. HMSO, £2·75. ISBN 0 11 630335 2.

Statistics of Persons Acquiring Citizenship of the United Kingdom and Colonies 1976. Cmnd 6899. HMSO, 35p. ISBN 0 10 168990 X.

External Affairs and Defence

International Co-operation in the Antarctic. COI, Factel No 608.

Britain and the Developing Countries: Africa. COI, R5867/77.

Economic and Scientific Affairs

Exchange Control: Foreign Currency Securities Held Out of Deposit. Because of the delayed reaction to the announcement on 26 May concerning foreign currency securities held out of deposit with an Authorised Depositary (see p 247) and to allow a substantial flow of applications to be made and dealt with in an orderly way, the original deadline for consideration of premium eligibility has been extended by two months to 31 October 1977. Treasury press notice, 12.8.77.

Export Credits. New figures show that the total value of the exports of goods and services insured by the Export Credits Guarantee Department (ECGD) in 1976-77 rose to £11,728 million, some 40 per cent higher than in 1975-76 and representing a real growth of 13 per cent (see also p 205). ECGD is now insuring about 38 per cent of all British exports. The total amount paid out in claims by ECGD also rose to £61·7 million, a 61 per cent increase over the £38·3 million paid out in 1975-76. These figures were announced by the Secretary of State for Trade, Mr Edmund Dell, in a special supplement on ECGD in *Trade and Industry*, 12 August. HMSO, 35p. ISBN 0 11 724868 1.

Manpower Services Commission. Annual Report 1976-77. Available from MSC Literature Services, c/o R. L. Polk & Co Ltd (Authorised Distributors), Gun Wharf, 128 Wapping High Street, London E1 9NE. £1·50. ISBN 0 905932 02 1.

Work Permits. Since 5 August the Department of Employment has not accepted applications to employ nationals from countries outside Europe as resident domestic workers in private households, hospitals, schools and similar institutions or as nursing auxiliaries. Mr John Grant, Parliamentary Under-Secretary of State for Employment, has said that he hopes these restrictions will also increase employment opportunities in Britain, against a background of unacceptably high unemployment. The arrangements will be reviewed again at the end of 1977, before an announcement is made about the ceiling of permits for resident domestic workers in 1978. Department of Employment press notice, 4.8.77.

Draft of a New Dock Labour Scheme. A draft of the new dock labour scheme to be made under the Dock Work Regulation Act 1976 (see pp 123 and 485, 1976) was published on 30 August. After making any changes that he thinks advisable because of representations made to him, the Secretary of State for Employment will lay the draft scheme before Parliament for approval. Copies of the draft may be obtained from the Department of Employment (IRBI), 8 St James's Square, London SW1Y 4JB.

Industrial Courts Act 1919. Report of a Court of Inquiry under the Rt Hon Lord Justice Scarman, OBE, into a Dispute between Grunwick Processing Laboratories Limited and Members of the Association of Professional, Executive, Clerical and Computer Staff. Cmnd 6922. HMSO, 50p. ISBN 0 10 169220 X.

Safety of Nuclear Installations. A new Advisory Committee on Nuclear Installations has been set up by the Health and Safety Commission (HSC) to replace the former Nuclear Safety Advisory Committee. The committee, whose chairman is Dr T. M. Sugden, Master of Trinity Hall, Cambridge, will meet for the first time in the autumn of 1977 and will advise the commission and, where appropriate, Secretaries of State, on major issues affecting the safety of nuclear installations including design, siting, operation and maintenance which are either referred to them or which they consider require attention. HSC press notice, 10.8.77.

Safety of Offshore Workers. Since 1 September 1977 the Health and Safety at Work etc. Act 1974 has covered workers engaged in the offshore oil and gas industry under an Order laid before Parliament on 4 August. The intention is that standards of occupational health and safety protection equivalent to those on-shore will be provided for those working on and in connection with offshore installations or engaged in pipeline works in territorial waters of Great Britain or designated areas of the United Kingdom Continental Shelf. (Existing safety legislation covering offshore activities remains in force.) The Order also extends the Act to those engaged in construction work, loading and unloading of ships, shipbuilding and repairing and diving operations in territorial waters. Further information is given in *Maritime Activities – Guide to the Responsibilities of Government Departments and Agencies.* Department of Employment press notice, 3.8.77.

Monopolies and Mergers Commission – A Report on the Proposed Merger of the Fruehauf Corporation and Crane Fruehauf Ltd. The commission concluded that the merger would not operate against the public interest. Cmnd 6906. HMSO, £1·60. ISBN 0 10 169060 6.

Select Committee on Nationalised Industries – Second Special Report. Session 1976-77. Comments by Nationalised Industries on the National Economic Development Office Report. The National Economic Development Office (NEDO) published in November 1976 its study of the role of the nationalised industries in the economy and of the way in which they should be controlled in the future (see p 29). The views of the boards of the industries concerned on the NEDO report are published as an appendix to this special report. Government views will be published later in 1977. House of Commons Paper No 345. HMSO, £1·10. ISBN 0 10 234577 5.

Output and Utilisation of Farm Produce in the United Kingdom 1969/70 to 1975/76. A booklet in an annual series of statistical tables. Ministry of Agriculture, Fisheries and Food, £3. Available from the Ministry of Agriculture, Fisheries and Food (Publications), Government Building, Tolcarne Drive, Pinner, Middlesex, HA5 2DT.

White Fish Authority, 26th Annual Report and Accounts for the year ended 31 March 1977. The function of the authority is to develop and regulate the white fish industry. Obtainable from HMSO, 75p. ISBN 0 903941 05 8.

British Achievement in Aerospace. The first automatic landings at an international civil airport using a microwave landing system (MLS) were made in Britain on 31 August by a Royal Aircraft Establishment *HS 748* aeroplane. The landings took place as part of the current British trials programme planned to provide actual operational experience of MLS at civil airports as recently urged by the council of the International Civil Aviation Organisation. Department of Industry press notice, 1.9.77.

Freight Transport: Short and Medium Term Considerations. Advisory Council on Energy Conservation Paper 6. Energy Paper Number 24. Department of Energy. HMSO, £1·50. ISBN 0 11 410610 X.

Transport and Road Research 1976. Annual report of the Transport and Road Research Laboratory. HMSO, £3·75. ISBN 0 11 550400 1.

Agreement between the European Economic Community and the Republic of Korea on Trade in Textiles. Cmnd 6912. HMSO, 35p. ISBN 0 10 169120 3.

Five Year Agreement on Economic Co-operation between the Government of the United Kingdom . . . and . . . [Poland]. Cmnd 6874. HMSO, 25p. ISBN 0 10 168740 0.

Social and Cultural Affairs

The General Household Survey 1974. Contains information about population, housing and migration, employment, education and health. The survey covered Great Britain only. HMSO, £7. ISBN 0 11 700820 6.

Criminal Statistics: England and Wales 1976. Cmnd 6909. HMSO, £7·15. ISBN 0 10 169090 8.

European Agreement on the Transmission of Applications for Legal Aid (with Explanatory Report), Strasbourg, 27 January 1977. The United Kingdom has not ratified the agreement. Cmnd 6895. HMSO, 25p. ISBN 0 10 168950 0.

Education and Science in 1976. The annual report of the Department of Education and Science. HMSO, £1·50. ISBN 0 11 270455 7.

Statistics of Education 1975, Vol 3: Further Education. Figures for England and Wales, published by the Department of Education and Science. HMSO, £4·50. ISBN 0 11 270435 2.

Housing Policy Technical Volume Part III. The volume (which forms part of the published material supporting the consultative document on Housing

Policy – see p 282) deals with the financial arrangements for local authority housing in England and Wales; the private rented sector; obsolescence and improvement as they affect the housing stock in England and Wales; and housing policy in eight other countries – Australia, Canada, Denmark, the Federal Republic of Germany, France, the Netherlands, Sweden and the United States. HMSO, £3·25. ISBN 0 11 751228 1.

Report of the Mobile Homes Review. The review was set up by the Department of the Environment in 1974 as an internal policy study to investigate issues affecting people living in mobile homes. Its main findings, which have been accepted by the Government, are that mobile homes can be a valuable, if small, additional housing option, but that more statutory protection is needed for residents. HMSO, £1·25. ISBN 0 11 751231 1.

Royal Commission on the Press (see pp 284-6).

Attitudes to the Press. Cmnd 6810-3. HMSO, £5·50. ISBN 0 10 168103 8.

Concentration of Ownership in the Provincial Press. Cmnd 6810-5. HMSO, £2·10. ISBN 0 10 168105 4.

Periodicals and the Alternative Press. Cmnd 6810-6. HMSO, £1·35. ISBN 0 10 168106 2.

Studies on the Press. HMSO, £5·50. ISBN 0 11 730075 6.

The Women's Periodical Press in Britain 1946-76. HMSO, £1·50. ISBN 0 11 730076 4. These volumes of research complete the series of publications accompanying the Royal Commission's final report (other volumes are listed on page 327).

Report of the Committee on the Future of Broadcasting. Research Papers Commissioned by the Committee. For coverage of the (Annan) committee's main findings see pp 170-2. Cmnd 6753-1. HMSO, £2·65. ISBN 0 10 167531 3.

Public Inquiry into Music Royalties payable under Section 8 of the Copyright Act 1976. The report, by Mr Hugh E. Francis QC, recommends that no change be made either in the royalty rate of 6·25 per cent, or in the amount of the minimum royalty. Cmnd 6903. HMSO, 75p. ISBN 0 10 169030 4.

European Agreement on the Transmission of Application for Legal Aid. Cmnd 6895. HMSO, 25p. ISBN 0 10 168950 0. The agreement is designed to ensure that a person who has his habitual residence in the territory of a Council of Europe member state, and wishes to obtain legal aid in another member state, may apply to the authorities of his country of residence who will then transmit the request to the authorities of the other state. Britain has not ratified the agreement.

Agreement on Co-operation in the field of Medicine and Public Health between the Government of the United Kingdom . . . and . . . the German Democratic Republic. Cmnd 6914. HMSO, 25p. ISBN 0 10 169140 8.

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